

VIETNAMESE CURRENCY TRANSFER LEGISLATION

HEARING

BEFORE THE

SUBCOMMITTEE ON FINANCIAL INSTITUTIONS

OF THE

COMMITTEE ON

BANKING, HOUSING, AND URBAN

AFFAIRS

UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

SECOND SESSION

ON

S. 747

TO PROHIBIT ANY PERSON FROM EXPORTING FROM THE UNITED
STATES ANY CURRENCY DIRECTLY OR INDIRECTLY TO ANY PERSON
IN VIETNAM

JUNE 20, 1984

Printed for the use of the
Committee on Banking, Housing, and Urban Affairs



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VIETNAMESE CURRENCY TRANSFER LEGISLATION

WEDNESDAY, JUNE 20, 1984

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
SUBCOMMITTEE ON FINANCIAL INSTITUTIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room SD-538, Dirksen Senate Office Building, Senator William L. Armstrong (chairman of the subcommittee) presiding.

Present: Senator Armstrong.

OPENING STATEMENT OF SENATOR ARMSTRONG

Senator ARMSTRONG. The committee will come to order.

We have, as you can tell from the agenda, a lengthy series of interviews and testimony this morning and the hearing in a sense sets off in a somewhat unusual direction.

The occasion of it, as you know, is a bill which I have introduced, S. 747, and I'm going to insert a statement in the record, but I'd like to take a moment to explain the background of that legislation and also the reason why I have introduced it and the reason for this hearing.

In 1982 I began to receive information from Vietnamese refugees in the United States which pointed to the possible existence of a systematic program of economic exploitation directed against them by the Socialist Republic of Vietnam. In response to their repeated and earnestly expressed appeals for assistance, on March 10, 1983, I introduced this bill, S. 747, which in brief would prohibit any person from exporting from the United States any currency directly or indirectly to any person in Vietnam.

I said at the time and I reiterate today that I am far from sure that this legislation is in fact an appropriate response to the problem which has been brought to my attention, and in fact I have some doubts about the extent and nature of the problem. That's part of what we hope to pin down here today.

I have heard—and I think perhaps others who may participate in this hearing can also explain—some truly alarming stories which, if true, represent a violation of human rights and standards of decent behavior on a very broad and deep scale. But I want to stress and make a point for the record that at this stage of things these charges remain just that, charges. They are by no means proven.

The legislative vehicle afforded by S. 747 brings us to this hearing, the purpose of which is to discover, first, whether or not the Socialist Republic of Vietnam's controlled economic exploitation system actually exists and, if so, how it works and how it affects the lives of Vietnamese people here in the United States.

[Copy of bill being considered follows:]

98TH CONGRESS
1ST SESSION

S. 747

To prohibit any person from exporting from the United States any currency directly or indirectly to any person in Vietnam.

IN THE SENATE OF THE UNITED STATES

MARCH 10 (legislative day, MARCH 7), 1983

Mr. ARMSTRONG introduced the following bill; which was read twice and referred to the Committee on Banking, Housing and Urban Affairs

A BILL

To prohibit any person from exporting from the United States any currency directly or indirectly to any person in Vietnam.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That (a) no person shall export from the United States any
4 currency directly or indirectly to any person in Vietnam.

5 (b) Any person who violates the provisions of subsection
6 (a) shall be fined not more than \$10,000 or imprisoned not
7 more than one year, or both.

8 (c) The President shall issue such regulations as are
9 necessary to carry out this section.

1 SEC. 2. If the President determines that the Govern-
2 ment of Vietnam is returning to Vietnam those Vietnamese
3 nationals that the government has sent against their will to
4 other Communist countries, then the President may suspend
5 the provisions of this Act.

○

Senator ARMSTRONG. We also need to determine whether or not a total currency prohibition, as suggested by this legislation, a drastic step, is proportionate and proper as a solution.

The Vietnamese people to whom I have listened have explained to me that the Socialist Republic of Vietnam has compiled a comprehensive listing of all individuals in Vietnam who are in a position to receive money from relatives living in the United States. I am told that these individuals may be organized into small, easily monitored groups and at periodic intervals group members are encouraged to write their relatives and request sums of money. One of the things we hope to learn from our witnesses today is just what form this encouragement or request takes and if people in Vietnam are being directly coerced into participating in this scheme.

I have been told by Vietnamese living in the United States that in response to these orchestrated appeals the people here in the United States take U.S. currency to cooperating banks or more commonly to clandestine transfer points. I am told that banks offer an unfavorable rate of exchange, that bank transfers take a long time, and that family members in Vietnam rarely receive all of the money which is sent.

Of greater interest to us today is the claim that the clandestine operations which may have been organized with direct Socialist Republic of Vietnam involvement and which apparently offer a more favorable, although far from satisfactory, transfer mechanism, exist to insidiously involve Vietnamese Americans in an underground practice designed primarily, perhaps solely, to bolster the Socialist Republic of Vietnam's hard currency reserves.

We will be hearing testimony from several individuals who have personal experience with the unregulated transfer of funds to Vietnam and hopefully they will give us some impression of the magnitude of the problem which we may be facing.

I would like to ask for staff and for observers to this hearing that you be patient with us. We are going to face presently a language barrier and in the case of some of the individuals who will be testifying they will be struggling against a difficult task to portray in a cultural setting far different from their own an operation which is complex and unfamiliar to those of us who are trying to learn about it. So we have a fairly difficult task and we will try to proceed as expeditiously as we can, but I would ask a degree of patience on the part of all who are involved.

Now I would like to begin by asking if Mr. Bill Cassidy would come forward to set the context for this discussion. I'm going to ask Mr. Cassidy to give us an explanation of the charts which have been posted over on the far wall.

Mr. Cassidy, let me explain, previously served as a consultant to the Customs Service and engaged in one of the few investigations which has been made into the Vietnam currency transfer problem as it has manifested itself throughout the country over the last couple years.

I have engaged him as a staff consultant for this hearing and have asked him to explain briefly the concept of the extortion system which emerged from his investigation and which I believe to be represented by these charts. Mr. Cassidy, would you give us

an overview of these charts and how they fit into the testimony that we are about to hear. That would be very helpful.

WILLIAM L. CASSIDY, TEMPORARY STAFF CONSULTANT

Mr. CASSIDY. Thank you, Senator.

Based on the information which we received and which came to us from several different sources, it appears that in August 1982 the Vietnamese Politburo issued a decision which governs the collection of currency from overseas. They tasked the responsible Politburo member, in this case a Vietnamese Vice Premier named Vo Van Kiet, to employ the Vietnamese Communist Party's internal security apparatus to organize individuals in Vietnam who have relatives residing abroad into small, easily monitored groups.

At periodic intervals, these groups are compelled to write to their relatives overseas requesting sums of money under a variety of pretexts, some contrived, some legitimate, and in response to these appeals for assistance the overseas family members take their money either to banks or to underground collection centers which operate in the United States under the disguise of commercial enterprises.

These Vietnamese fronts direct the currency they collect through Vietnamese fronts in third countries, typically Canada or France, from which point they are sent back to Vietnam to the State Bank of the Socialist Republic of Vietnam.

Our chart here illustrates a hypothetical collection center's typical day's operation. In the case we portray, 10 individuals each responsible for collecting \$1,000 apiece consolidate this money with the Vietnamese agent in the United States who manages the collection center. Ten people at \$1,000 a day is \$10,000 a day going back to Vietnam.

Our third chart demonstrates the known network of Vietnamese collection centers in the United States as we presently understand it. You will note that centers appear in Seattle, WA; San Francisco, San Jose, Monterey Park, Los Angeles, Garden Grove, Westminster, San Diego, CA; Dallas, Houston, TX; New Orleans, LA; Biloxi, MS; and Arlington, VA.

We believe that this known network currently accounts for the movement of some \$18 million a month back to Vietnam.

Senator, does that respond to your request?

Senator ARMSTRONG. Thank you, Mr. Cassidy. I expect there may be some additional questions, but I wanted to put that into perspective so we would understand first that the center chart is a hypothetical and second that this is an attempt to portray what has been learned to date.

Mr. CASSIDY. Right. Precisely so.

Senator ARMSTRONG. And we can use it for a point of reference for the testimony we are about to receive.

Mr. CASSIDY. Precisely. This is a conceptual diagram. It's based on our best evidence as of this time.

Senator ARMSTRONG. Thank you, Mr. Cassidy.

Mr. CASSIDY. Thank you.

[Supplemental statement of William Cassidy follows:]

A Study of Vietnamese Involvement in
Clandestine International Currency Transfers

by

William L. Cassidy

INTELLIGENCE STUDIES FOUNDATION

Oakland, California

18 May 1984

Introduction

From the period commencing May, 1983 through February, 1984 I served as a consultant with the U.S. Department of the Treasury, U.S. Customs Service Office of Investigations, where it was my task to participate in the creation and subsequent operations of an investigation into Vietnamese organized crime and currency transfers informally known as Project VICTOR. During the course of this investigation I invested approximately 2,000 hours of active involvement in travel, informant handling and street-level collection work, operating in the Vietnamese communities in Arlington, Virginia; New Orleans, Louisiana; Houston, Texas; Los Angeles, California; Westminster, California; San Jose, California and San Francisco, California.

The following remarks are with reference to the varieties of clandestine international currency transactions I observed to originate within the community of Vietnamese refugees in the United States. In particular, I will discuss the relationship such transactions have to a postulated economic penetration of the United States by the Socialist Republic of Viet-Nam.

Background of Vietnamese Migration

Immediately following the fall of South Viet-Nam on April 30, 1975, the United States received several thousand Vietnamese evacuees under conditions of extreme emergency, utilizing administrative procedures of the most transient possible character. A number of these evacuees were persons, often accompanied by many dependents, who had served either the United States Government or the Government of Viet-Nam in a wide variety of official and quasi-official capacities, both military and civilian. Others were persons of social and financial standing, such as educators, journalists, entertainers or prominent businessmen, who exercised their influence to secure safe passage. Still others were the sort of opportunists and questionable individuals who inevitably find their way through the midst of wartime confusion.

In the nine years since 1975, numbers of Vietnamese and other Southeast Asians in the United States have steadily increased. First-wave evacuees have been joined by tens of thousands of escapees fleeing the political intolerance that now afflicts Indochina. This involuntary migration process has provided the United States with a complete cross-section of Southeast Asian culture and society, ranging all the way from members of the Western-educated Vietnamese, Laotian and Cambodian urban elite to members of over a half-dozen nomadic highland tribes and other ethnic minorities. U.S. Department of State estimates place total Indochinese immigration to the United States at 640,798 in the period April 30, 1975 through April 30 1983. The U.S. Department of Health and Human Services, Office of Refugee Resettlement adjusts the total Indochinese figure to 637,567, to account for secondary migration. Of this number, the Department of State estimates that 424,313 are Vietnamese.

Southeast Asian refugees in the United States, of which ethnic Vietnamese, Chinese-Vietnamese and Vietnamese-Americans comprise the largest number, are concentrated primarily in twenty-seven states, seven of which account for more than fifty percent of the total refugee population. Citing Office of Refugee Resettlement estimates current as of the close of FY1982, these seven states are California, with 225,500; Texas, with 50,700; Washington, with 29,900; Pennsylvania, with 23,200; Illinois, with 21,700; Minnesota, with 21,200; and Virginia, with 19,600.

General Economic Consequences

As we are concerned with certain economic phenomena attendant to Vietnamese resettlement, we begin by noting the generally expected economic consequences of international migration. The textbook view of this subject tells us that in the initial stages of migration, income will be remitted home on a regular basis to dependents and relatives, including sums which enable further emigration. As whole families are united abroad, these remittances are expected to decline to the level appropriate to assist relatives beyond the immediate family. When a generation passes, they are expected to gradually disappear. With particular reference to the capabilities of late twentieth-century immigrants who direct remittances to communist countries, standard economic theory also advances the thesis that social pressures to be quickly assimilated to the American standard of living will greatly reduce the capacity to send money abroad.

These points and the scenario they evoke represent conventional wisdom on the subject. Unfortunately this can be only superficially applied to Vietnamese migration. Conventional wisdom fails to account for the techniques of economic blackmail and covert economic warfare, as currently practiced by the Socialist Republic of Viet-Nam.

Vietnamese Familial Obligations

We must acknowledge the special circumstances of the Vietnamese people, both culturally and politically, before we attempt the universal application of conventional economic theory. First and foremost, we must remember that Vietnamese are political refugees in the most extreme sense and their migration is thus involuntary. Vietnamese in the United States are not here in response to ordinary cycles of international labor movement nor are they here in response to the pull of economic opportunity. Indeed, one surmises that the vast majority of Vietnamese would rather not be here at all. The Vietnamese themselves like to point out that despite numerous epochs of social upheaval in their history the current wave of emigration is without precedent. Under the Japanese occupation in 1944-45, for example, a widespread rice famine claimed well over a million lives yet failed to spark any appreciable international population movement.

We must also consider the dramatic nature of the Vietnamese exodus. People who leave Viet-Nam by boat are acutely aware of the grave dangers posed by Thai piracy and environmental conditions in the South China Sea. Those who cross Cambodia are all too familiar with the threat of hostile military operations. To lessen the impact of such perils families are forced to fragment. Only the fit and hardy attempt these journeys, leaving behind wives and children, sisters and brothers, the elderly and disabled. Often a family's entire fortune will be pledged to the bribes and provisions necessary to assist one family member's escape. Those who are successful and reach the United States have not done so for selfish reasons. On the contrary, they have acted from the most moving and noblest of human motives in a desperate attempt to save their loved ones and their heritage.

Americans who have no direct experience with Vietnamese people, or those who have only academic experience with forces that mold the average person's character will find it difficult indeed to properly appreciate the intensely powerful obligation every Vietnamese feels toward his or her family.

Doctors who work in the refugee community will tell you of the high incidence of psychiatric disorders among Vietnamese, brought about by prolonged separation from loved ones and knowledge of the conditions their families are experiencing. Suicide and anorexia are common. I have personally witnessed people who, following receipt of a letter from family members in Viet-Nam, find themselves physically unable to eat for several days and literally collapse in emotion at the sight of food. They know all too well that Viet-Nam is slowly starving to death, and the guilty helplessness they feel becomes unbearable.

Vietnamese send money home because it is spiritually necessary for them to do so. Vietnamese send money home because of the force of social imperative born of a 3,000 year-old tradition of the family as a divine principle. Vietnamese send money home in order to live comfortably within themselves. Tacit acknowledgement of these forces or vague reference to philosophical ideals of filial piety do not do justice. There is no Social Security in Viet-Nam, no hospitalization insurance, no public welfare agency, no homes for the aged, no effective lending institutions, no free enterprise and all the economic and political philosophy of Marx and Lenin has done is scientifically bleed the country white.

In Viet-Nam today, more than at any other time in history, the family is the source of all material succor. If your children or parents become ill or infirm; if they experience financial deprivation; if they cannot afford to pay thirty dollars for the single kilo of rice that cost three dollars before North Viet-Nam's hungry plague reached the once-fertile paddies of the Mekong Delta, then your children or parents will slowly wither and die if you fail to fulfill your obligation to support them.

We cannot emphasize too strongly the significant role Vietnamese familial obligations play in the matter of currency transfers. Again and again we will be compelled to return to this for it lies at the very heart of our problem, both in the exploitation of this factor by the economic

policies of the Socialist Republic of Viet-Nam and in any discussion of enforcement problems created by proposed legislation. Vietnamese will send money home whether it is illegal for them to do so or not. Neither law nor time will diminish this necessity.

SRVN Involvement

Setting aside human motives, one may with ample justification claim that the majority of both legal and illegal currency transfers to Viet-Nam are colored by long and short-term internal economic policy objectives of the Socialist Republic of Viet-Nam and to a lesser extent perhaps, external economic policy objectives of the sort commonly associated with economic warfare or counter-economic warfare operations.

When assessing SRVN involvement in currency transfers, our basic working assumption is that Viet-Nam is interested in the acquisition of United States dollars in order to bolster its foreign currency reserve. The best available figures we have, which come from an International Monetary Fund team that visited Viet-Nam in April, 1983, indicate that SRVN's published foreign currency reserves are around U.S. \$16,000,000. This of course is an extremely low figure and if correct, serves to lend credence to the claim that Viet-Nam is in dire need of foreign funds.

Additional evidence is available to us in the form of public statements by SRVN officials and articles in the Vietnamese party press. I call your attention to an article by communist journalist Ngo Cong Duc which appeared in the Saigon newspaper Tin Sang on February 17, 1981. This article is entitled, "Concerning the Question of Finding and Exploiting Foreign Exchange," and the following extracts may be safely presumed to reflect official thinking in the subject:

"First of all we must set forth a correct policy direction so as to exhaust the foreign exchange capabilities of overseas Vietnamese.

"In the activities aimed at exploiting...the overseas Vietnamese there are two major issues, one of which is that we must have a clearcut and rational policy and another is that we must have an efficient exploitation organization.

"We will have...to think of ways to counter the quarantine imposed by American banks so as to leave open a few situations where the recipients in Vietnam cannot normally receive their money from abroad.

"Family members of overseas Vietnamese who have received foreign money can be given a kind of foreign exchange certificate book somewhat similar to a savings account book, or they may be issued a kind of foreign exchange checks...."

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"Family members of overseas Vietnamese who have received foreign money can be given a kind of foreign exchange certificate book somewhat similar to a savings account book, or they may be issued a kind of foreign exchange checks...."

These statements, which are certainly remarkable for their frankness, also display a prophetic quality. In the months following their publication policy direction was in fact set forth which has as its stated aim the exhaustion of the foreign exchange capabilities of overseas Vietnamese. An efficient exploitation organization did come into being. More than a few methods were discovered to counter existing American regulations and a system of book controls was instituted to monitor money and merchandise received by families in Viet-Nam.

SRVN Internal Regulations

On August 31, 1982 SRVN's Council of Ministers issued decision number 151/HDBT, which offered the following as its basic premise:

"Article 1: The state welcomes and encourages Vietnamese residing in countries outside the socialist system...to send money to help build the country. Families...that have relatives residing in foreign countries may receive money and goods from them. The receiving of money and goods must comply with the regulations of the state."

"Article 7: This decision only applies to families who have relatives that are permanent residents in foreign countries. The persons referred to...do not include cadres, manual workers or civil servants of the state who have been sent to foreign countries....Separate regulations will be promulgated concerning these persons."

This language leaves little doubt as to whom the decision is directed and what it is intended to accomplish. Decision number 151/HDBT did not include the full text of any regulations, which at the time were still under development. The text of 151/HDBT itself promised that, "...a circular providing detailed instructions concerning the implementation will be issued," giving responsibility for the development of such specifics to the State Bank, the Ministry of Foreign Trade, the Ministry of Finance, the Ministry of the Interior and the "concerned functional sectors."

Based on information which became available during the course of Project VICTOR, it appears that SRVN officials spent the period from approximately August, 1982 to April, 1983 gradually sensitizing the population to accept new monetary policies and in developing an efficient exploitation organization founded on a comprehensive listing of families with relatives residing abroad. This system of exploitation was refined during the period April to June 1983 and now operates on a highly successful basis.

In the Spring of 1983, Saigon's party paper Cong Nhan Giai Phong published a long question-and-answer type article which describes the exploitation mechanism in detail. According to this article:

"Beginning in 1 April 1983, after receiving the permits issued by the Municipal People's Committee and the list of names of the families permitted to regularly receive money sent by relatives who are permanent residents of foreign countries, the Municipal Bank will transfer the money received by families who have a permit issued by the People's Committee to the precinct or district bank at their place of residence as recorded on their permit. The precinct or district bank will send out notices asking families...to pick up the passbook that they will need to receive their money."

The article also states that when a person appears to collect his or her passbook, a payment of fifty Vietnamese dong will be required. Specific transfer regulations provide that a conversion fee of 1.5 percent will be assessed on each transfer and that the bank will only pay 6,000 Vietnamese dong per person within the family per quarter year. An overall limit of 50,000 Vietnamese dong per quarter per family is established and a provision is made for a one-time emergency payment of 10,000 Vietnamese dong in the case of illness, death or other special circumstances.

Excess funds received from abroad will be transferred to a savings account and the account holder will be paid a nominal interest rate. In the case of significant sums, the account holder is also permitted to transfer his or her excess funds to the Foreign Trade Bank where interest will be earned in foreign currency and paid in Vietnamese currency.

SRVN Exploitation Activity

Exhibit I illustrates the conceptual framework of SRVN exploitation operations, as formally instituted on May 16, 1983. Referring to Exhibit I, note that acting on the orders of the Vietnamese Politburo, the responsible Politburo member tasks the City People's Committee to employ District and Ward-level Security Offices to locate and identify individuals who are in a position to receive remittances from relatives living in the United States. Security Deputies, or cadre, at the block or cluster level organize such individuals into small, easily monitored groups.

The system of controls we have described thus far appears on the surface to be a socialist state's normal means of managing the influx of foreign capital. If we in the United States have learned anything by our long experience with Viet-Nam, I hope we have learned that appearances are always deceptive where Hanoi is concerned. Examined in depth, the system here described forms the foundation for a planned program of economic blackmail reminiscent of that practiced against overseas Germans who had families in Nazi Germany.

During the conduct of Project VICTOR we developed indications-type intelligence which told us that at periodic intervals, individuals in cluster-level groups in Viet-Nam are being ordered to contact their relatives in the United States and request sums of money under a variety of

circumstances, both legitimate and contrived, such as illness in the family, increased taxes, or increased living expenses. We also have information that individuals are being subjected to arrest or forced resettlement to the so-called New Economic Zones, there to be released only upon receipt of substantial sums from abroad. Their property is confiscated by the state, so that when they return to their usual area of residence they are again compelled to call upon overseas relatives for further support.

In certain areas of the country, this practice appears to be controlled by a quota system, in which cadre are exhorted to produce specific sums from the families under their control and a system of incentives seems to be in place which rewards cadre for generating sums greater than the established quotas. There is a clearly observed cyclic quality to this practice. Intelligence available to us as of August, 1983 indicates that requests were originally intended to concentrate at six month intervals. Current intelligence indicates that requests have been stepped up to three month intervals.

In a typical case, relatives in the United States are being asked to send a minimum transfer of \$1,000 to \$2,000, in contrast to a previously observed minimum of \$200 to \$300 ten months ago. In several instances, our intelligence indicates the names of specific intermediaries for the transfers are now being supplied by individuals in Viet-Nam. We have also seen an increasing incidence of relatives in the United States being asked to "settle accounts," ostensibly incurred through debts raised in Viet-Nam by the receipt of foreign money from unspecific sources.

In response to these orchestrated requests, individuals in the United States take their money either to banks or to underground collection centers. I note parenthetically that banking institutions which we have observed to enjoy favor in this regard are Hong Kong and Shanghai Banking Corporation, Wells Fargo Bank, Royal Bank of Canada, United American Bank, Delta Savings and Loan and the Bank of America.

Bank transfers, which are obligated under Foreign Assets Control Regulations, are routed through Canada, France and Asia to the Viet-Nam Foreign Trade Bank. Underground collection centers or intermediaries are of course unregulated. These centers, which can be either individuals operating independently or front organizations, route the money they collect through couriers or SRVN-supported commercial or criminal enterprises. According to the sources developed by Project VICTOR, underground collectors may be paid as much as 12 to 25 percent for their services, which money is then used to finance criminal activities or the expansion of business fronts. We have considerable evidence that several SRVN-dominated enterprises have been afforded legitimate cover as parcel forwarding or import-export concerns, and as such enjoy licensing by the U.S. Department of Commerce. These firms apparently route their currency shipments through similar firms in Canada, France and Asia, after which shipments are sent directly to Viet-Nam.

It should be noted for the purposes of clarification that not all underground shipments are controlled by SRVN government authority. We do observe that when SRVN security officers locate individual operations conducting uncontrolled transfers, as in the case of transfers conducted by wealthy merchants or families or corrupt officials, the persons responsible are subjected to arrest and reeducation. Following such enforcement activity transfer operations are again commenced under government supervision.

The Factor of Economic Penetration

In the early 1950s, a brilliant Chinese economist from Stanford University named Yuan-li Wu published a work entitled Economic Warfare, which despite the passage of time remains more or less standard in the field.* In his work, the author described the tactic of economic penetration, and offered a few conclusions which bear close attention.

Professor Wu viewed economic penetration as a phenomenon of covert economic warfare, defining the phenomenon as all those measures which either sought to increase the dependency of a target nation's economy on one's own nation or by design acted to undermine a target nation's economy. Although he envisioned most economic penetration operations as involving countries at comparable stages of development, or the penetration of a less developed country by a highly developed country, he did acknowledge that less developed countries could have recourse to penetration activities aimed at boosting foreign exchange, noting, "Governments of countries that have nationals resident overseas may resort to blackmailing to augment supplies of exchange." (1)

Professor Wu concluded that the value of such activity was limited by the target nation's awareness, stating:

"Unlike the measures of open warfare and economic pressure...there are other methods that are effective only as long as their real purpose is disguised. Once their intent is bared, they cease to be of any value to their perpetrator, inasmuch as they can be easily dealt with even if their effect cannot be nullified immediately. They are the methods of covert economic warfare...."(2)

* The work cited is Yuan-li Wu, Economic Warfare. (New York: Prentice-Hall, Inc., 1952).

(1) Yuan-li Wu, Economic Warfare. (New York: Prentice-Hall, Inc., 1952) p. 142.

(2) Ibid.

I submit that the exploitation of overseas Vietnamese by the Socialist Republic of Viet-Nam represents at the very least a de facto economic penetration of the United States by a hostile foreign power, the effects of which can only be nullified by our acceptance that a problem of significant proportion exists and must be remedied at once.

Impact on the United States

One of the first questions we might fruitfully ask concerning Vietnamese currency transfers revolves around how much money leaves the United States on an annual basis. There are no simple answers to this question. The Office of Foreign Assets Control, through Sec. 500.565 of the Foreign Assets Control Regulations allows the transfer of not more than \$300 in any consecutive three month period to any one payee in Viet-Nam, or \$1,200 per year. An additional one-time transfer of \$750 is permitted for the purpose of enabling the payee to emigrate from Viet-Nam.

In order to extrapolate an estimate of total possible annual regulated transfers based on the \$1,200 per year figure permitted by Foreign Assets Control Regulations, we first establish a set of assumptions based on the Department of State's estimate of 424,313 Vietnamese in the United States.

The Office of Refugee Resettlement advises that the age distribution of Indochinese adults in the United States remains stable over a multi-year period at 49 percent with 23 to 25 percent unemployment. Balancing these percentages against an estimated total of 424,313 persons, we may conservatively arrive at an assumed income-producing workforce of 150,000. We further assume for the sake of analysis that of this total, only 50 percent will actively participate in sending money abroad. Employing these assumptions, we learn that 75,000 Vietnamese each sending \$1,200 per year can account for \$90,000,000 in possible regulated transfers on an annual basis to the Socialist Republic of Viet-Nam.

Our working assumption of \$90,000,000 per year or \$7,500,000 per month is criticized by members of the refugee community for being far too conservative. Citing government information obtained from reliable sources in Saigon, current as of June, 1983, emigre investigative journalist Nguyen Thanh Hoang reports that during mid-1982, an average of 1,000 people per day received funds from abroad through the State Bank in Saigon. Of this estimated average, approximately 70 percent received \$100 per transaction, 10 percent received \$300, 10 percent received \$500, and 10 percent received \$1,000 or more. Employing these figures we arrive at an average daily transfer of some \$6,500,000 during the period surveyed which estimate is of course inclusive of sums sent from countries other than the United States.

To bring yet another set of estimates into play, we may refer to the November, 1982 issue of the Vietnamese Communist Party periodical Nhan Dan, which claims that 183,000 families regularly receive assistance from abroad. Using the minimum transfer of \$1,200 per family, we obtain an estimated total of \$219,000,000 per year or \$18,300,000 per month.

Our three estimates represent the spectrum of thought concerning the magnitude of possible legal transfers. These of course do not provide for clandestine transactions, transfer amounts greater than \$1,200, or a number of other variables.

Lacking the sort of hard evidence necessary for precision in such matters, we are forced to rely almost solely on indications-type intelligence to develop a set of informed suppositions. Based on my experience in this area with Project VICTOR, I will tentatively estimate that approximately \$18,000,000 leaves the United States monthly for Viet-Nam. Of this \$18,000,000 I estimate that approximately \$9,000,000 per month is transferred by clandestine methods and the remainder by banks, trusting that one may appreciate the difficulty in quantifying with desired precision what is essentially a secret activity.

Categories of Activity

Knowing how much money leaves the United States does not tell us how such money is actually handled by the underground. When I began to study ethnic Vietnamese, Chinese-Vietnamese and Vietnamese-American involvement in clandestine international currency transfers, I found it useful to categorize such activity in terms of motivation. Three basic categories of motivation were observed: political, criminal and humanitarian. I found that there is an apparently high degree of interrelationship between each of these categories and touching on any one often led me by association to the others.

Political Motivation

Generally speaking, politically motivated transactions are of two varieties. The first of these are transactions initiated by persons acting in the interests of the Socialist Republic of Viet-Nam, one manifestation of which we have just discussed. The second variety is the transaction initiated by persons with interests inimical to those of the SRVN, such as the transfers dominated by Vietnamese resistance or guerrilla groups.

Any assessment of the nature and extent of such politically motivated clandestine transfers and indeed, all other categories mentioned, begs the several questions of what sources of money are available, how these monies are obtained, in response to what stimuli are they sent, by what means and at what order of magnitude.

When we examine the resistance groups, we find that they generate money by several different means for the ostensible purpose of supporting the resistance effort in Viet-Nam. Among the means employed are the establishment of commercial enterprises with subsequent impressment of earned income; by direct solicitation of the emigre community; by indirect

solicitation, through sponsorship of theatrical benefits or the sale of goods or services, and by establishment of nonprofit public benefit organizations with subsequent exploitation of the tax exempt status to gather large donations.

I have heard claims that Vietnamese resistance groups in the United States are also involved in the establishment of criminal enterprises, but upon close examination I find this allegation difficult to support. I do find a possible incidence of penetration and exploitation of the resistance vehicle by SRVN sympathizers, who seek to discredit or disrupt legitimate resistance activities. I also find the criminal fringe occasionally engages in extortion activity under cover of legitimate fundraising. The large, organized resistance groups in this country take pains to protect themselves against these practices and regularly warn their membership and potential donors against falling prey to such schemes.

It is virtually impossible to learn the magnitude of resistance-oriented transfers by any economic investigative technique of which I am aware. This area of inquiry is rife with speculation and unsubstantiated rumor. One such rumor holds that a financial institution in Westminster, California named Delta Savings and Loan was launched almost exclusively with funds generated by resistance groups and serves as the main financial conduit for Admiral Hoang Co Minh's National United Front for the Liberation of Viet-Nam, together with its allied organizations the Viet-Nam Liberation Front and the National Support Movement for Resistance in Viet-Nam.

Criminal Motivation

Turning to the difficult subject of criminally motivated transactions, we find these to be of four basic varieties. The first of these are transfers attributable to specific, individual criminal enterprises, inclusive of most individual family efforts, where the clandestine international transaction is incidental to other activities.

The second variety is encountered in traditional, organized criminal enterprises where the clandestine international transaction is incidental to activities inclusive of narcotics trafficking; trafficking in other forms of contraband; prostitution; gambling; money laundering operations; exploitation of refugees and alien smuggling; insurance fraud, and extortion.

The third variety encompasses those transactions conducted for the specific purpose of importing or exporting large amounts of currency, inclusive of operations designed to transfer funds placed in safe-havens during the fall of Viet-Nam.

The fourth variety is encountered in the gray area of politically-linked criminal activity, such as transfers incidental to resistance-oriented Neutrality Act violations undertaken by parties not directly involved with organized resistance groups, or transfers in support of presumed SRVN criminal fronts. While we are on this subject, I must relay a

strong message which I received from a substantial number of the more credible and reliable Project VICTOR informants. Time and again these individuals, some of whom had extensive intelligence experience in their own country, warned me to consider the impact of money which does not leave the United States but remains to finance SRVN-managed subversive activity. These warnings came from principled former intelligence officers who learned the character of their enemy's financial undertakings through the bitterest sort of firsthand experience.

Humanitarian Motivation

Moving to our final category, transactions motivated by humanitarian concerns, we find that these are extremely diverse and due to their highly individual character are thus difficult to quantify. In general, we may divide these into two main categories. The first of these involve family transfers of the sort commonly exploited by the SRVN government. The second are those attributable to institutional efforts on the part of quasi-official voluntary agencies and relief organizations.

A significant sub-category of the first sort which we have not yet discussed relates to the incidence of bribery and corruption which attends the exodus of Vietnamese from Viet-Nam. Faced with delays of up to three or more years in the Orderly Departure Program, which I know from personal experience to be the greatest invitation to abuse of authority ever devised by two governments, many Vietnamese have elected to bribe SRVN and other officials to achieve expedited processing. Such bribes range from a low of \$500 to \$25,000 or more.

Humanitarian concerns continue to be exploited both by the political elements we have already discussed and more recently, by organized crime, leading us to one or more potentially interesting alleged linkages with the Chinese Triads. We have some trace information that notional relief agencies exist, sponsored by organized criminal elements, various political factions and the like, all of which offer to provide assistance in delicate family matters in return for money or services. We have also occasionally heard of an American presence in this area.

Methodology

Individuals and organizations engaged in clandestine international currency transactions appear to employ seven primary methods which I will summarize for you as follows:

- [1] Use of the mails. Individuals have placed United States currency in the mails for direct shipment to Viet-Nam. This practice has been largely discontinued due to an extensive program of mail inspection carried out by Vietnamese Customs and allied elements of the Cong An Bao Ve Chinh Tri, or B2(II), SRVN's so-called Political Protection Police, a ubiquitous paramilitary-type intelligence and internal security force with wide internal and external responsibilities.

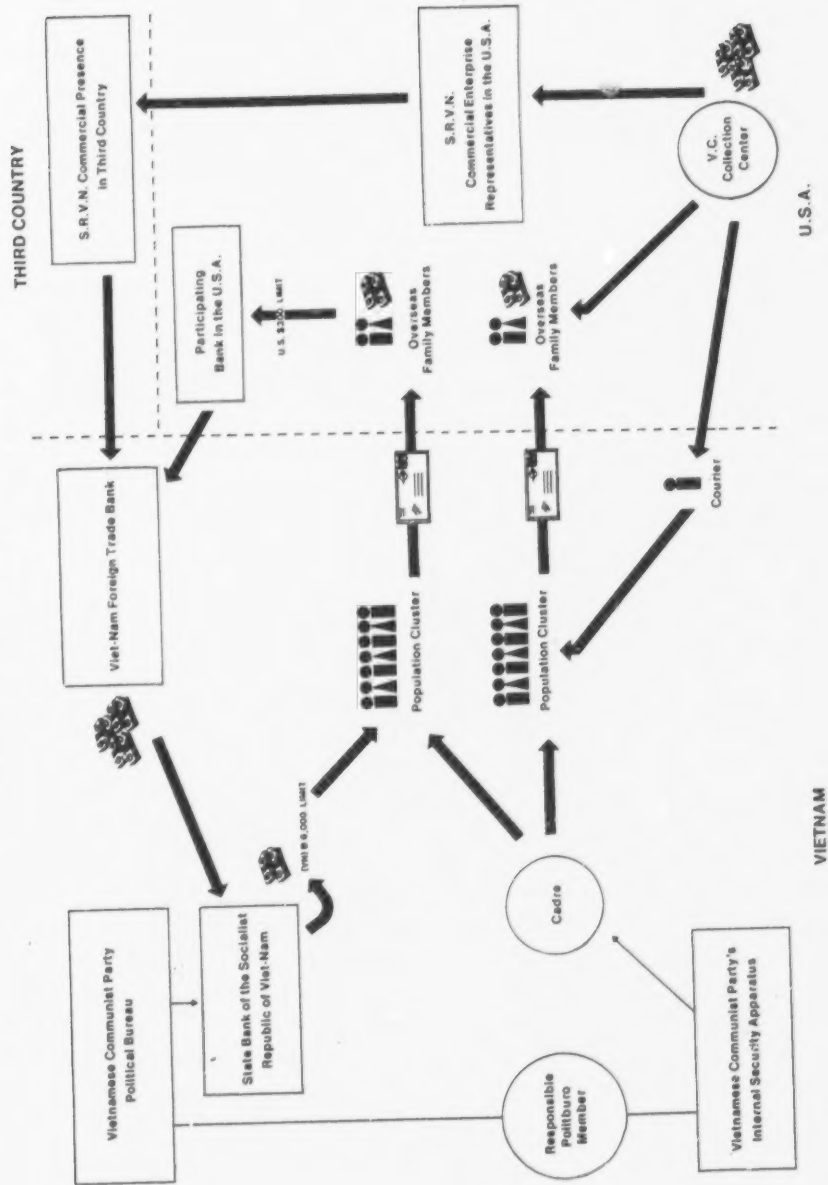
- [2] A family exchange system. Individuals who wish to send money to Viet-Nam are solicited by or seek out other individuals who have solvent family members still in Viet-Nam. A transaction is made in the United States, in U.S. dollars, and two coded telegrams or other forms of written communication are dispatched to each party to the transaction, informing the solvent individual and the intended recipient that a given amount is involved. The intended recipient takes his or her telegram to the solvent individual, the telegrams are matched, and the solvent individual pays the recipient in gold or SRVN currency, at blackmarket rates. We note that the current blackmarket rate floats around 100 Vietnamese dong to the dollar, whereas the official exchange rate is 60 dong to the dollar.

This family exchange scheme has the advantage that when the solvent individual eventually escapes Viet-Nam, a major portion of his capital is intact in the United States and he thus leaves nothing behind. This scheme is favored by SRVN officials bent on defection and the merchant classes. Once tacitly encouraged by SRVN policies, this scheme has been vigorously suppressed since Tet 1983, excepting those cases where it operates under SRVN control.

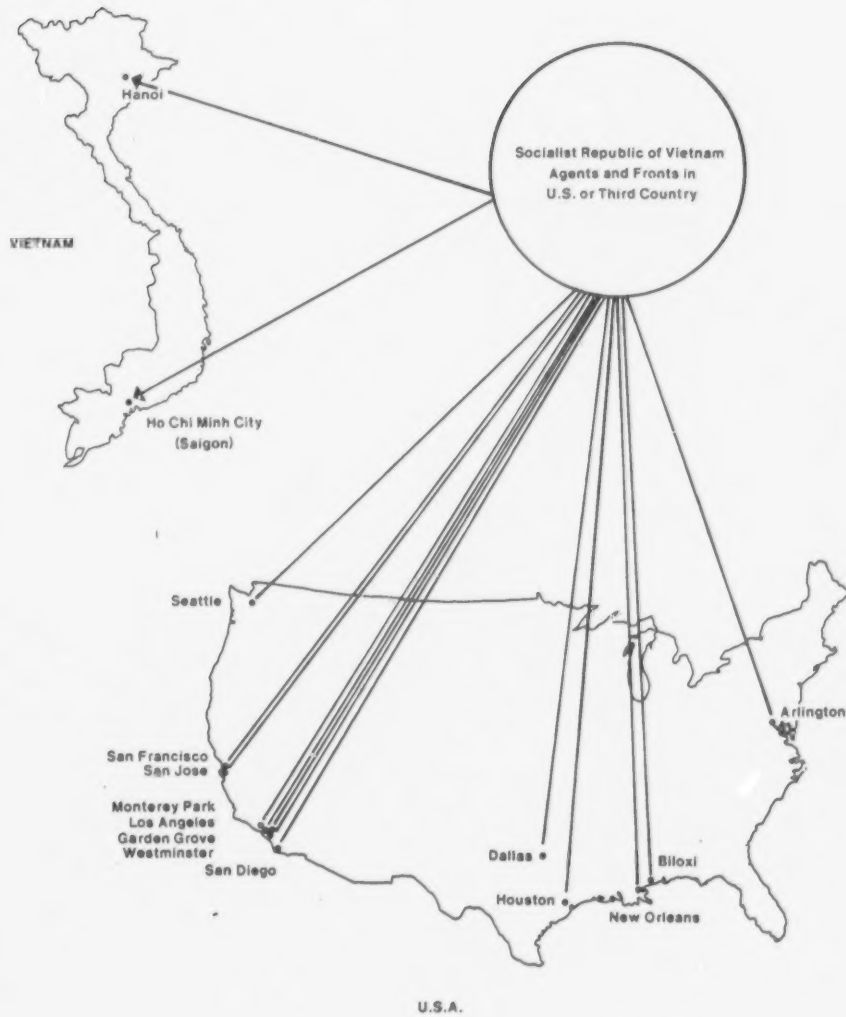
- [3] Wire Transfers. Common garden-variety wire transfers of the type encountered in most sophisticated money-laundering operations have been employed, usually in relation to transactions undertaken by individuals. We have yet to see a strongly overt SRVN presence in this area.
- [4] Couriers. Personal couriers are employed to move currency in and out of the United States, going to and coming from Asia.
- [5] Gold smuggling. Gold, often in the form of 24K chains and bracelets is smuggled into Viet-Nam in corrugated cardboard containers, items of clothing and various other objects, and out of Viet-Nam by concealment in body cavities or clothing. Movement into Viet-Nam has been discouraged by package searches by Vietnamese Customs. Movement out of Viet-Nam has been discouraged by Thai piracy.
- [6] Notional relief agencies. Notional relief agencies are established with overseas offices, chiefly in Singapore, Taiwan and Thailand. Gold is solicited by escape net operators inside Viet-Nam and smuggled out of Viet-Nam by sea, third-country nationals or corrupt party officials. This gold is converted to currency and the currency is deposited in the relief agency's bank recorded as an anonymous donation.
- [7] Bulk currency export. Package forwarders in the United States send U.S. currency in bulk to Saigon, usually through Canada, France and Asia. This method appears to be dominated by SRVN operatives in Canada and the United States.

The problems under examination are not simple problems and there are no simple answers to the many questions we have raised. Indeed, the only simplicity we can find is our simple, moral duty to protect the Vietnamese people in the United States from exploitation originating both within their community and abroad. We do not need guilt over our role in their modern history to motivate us. We do not need to cultivate an atmosphere of alarm over the imagined dangers posed by foreign peoples in our midst. We only need to listen. Listen first to what the Vietnamese themselves might tell us, and then listen to our own hearts in order that we may do what we know is right.

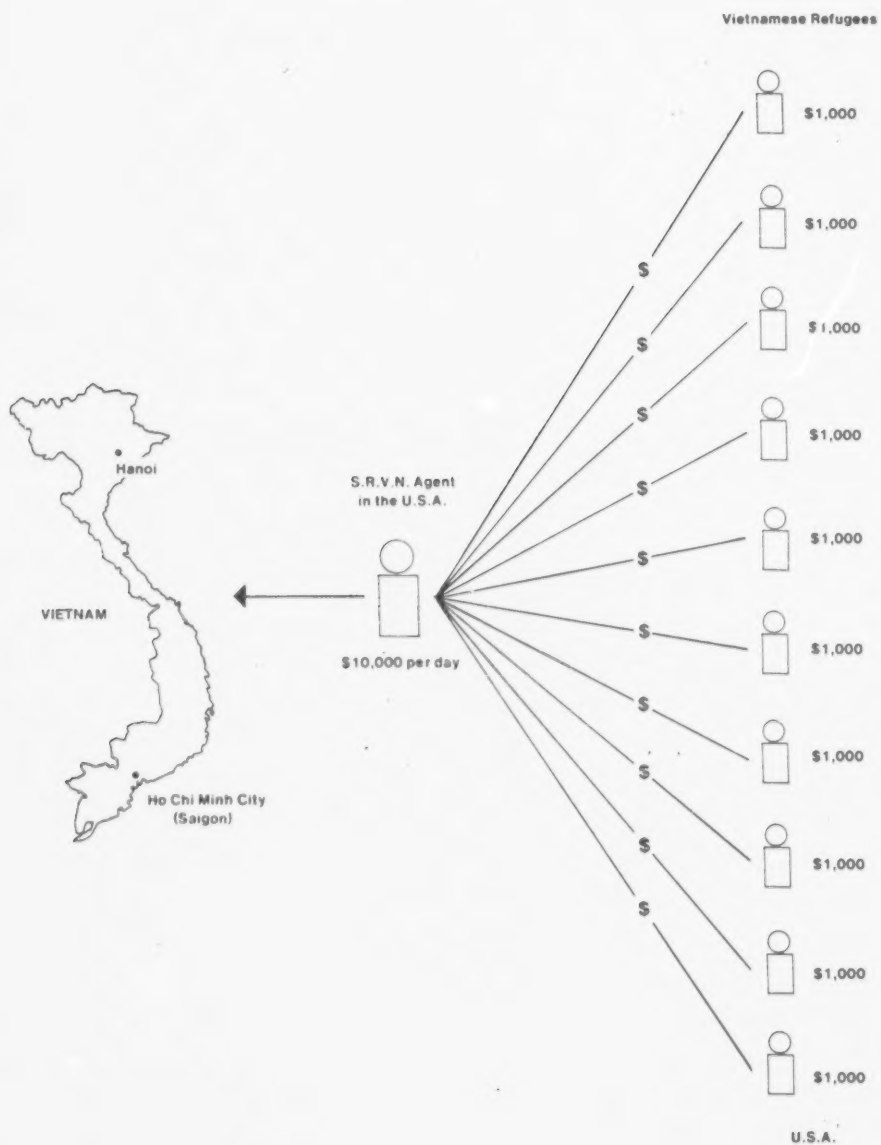
VIETNAM EXPLOITATION SYSTEM



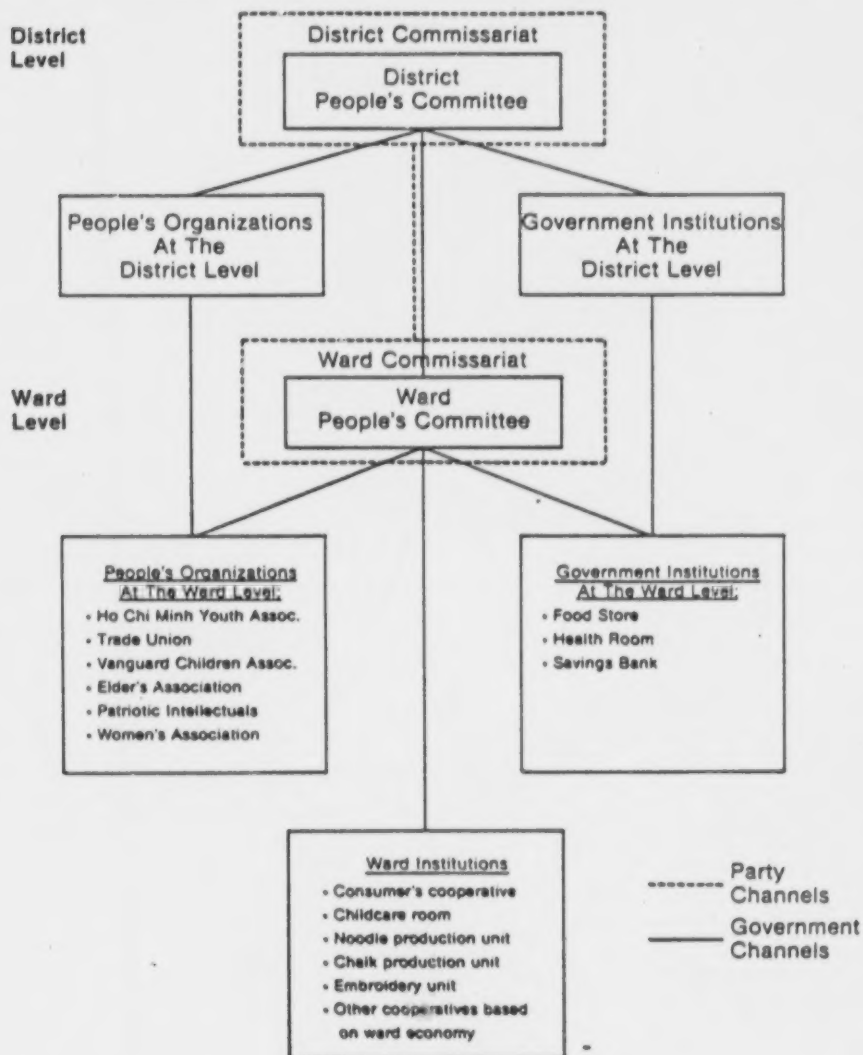
KNOWN NETWORK OF VIETNAMESE COLLECTION CENTERS



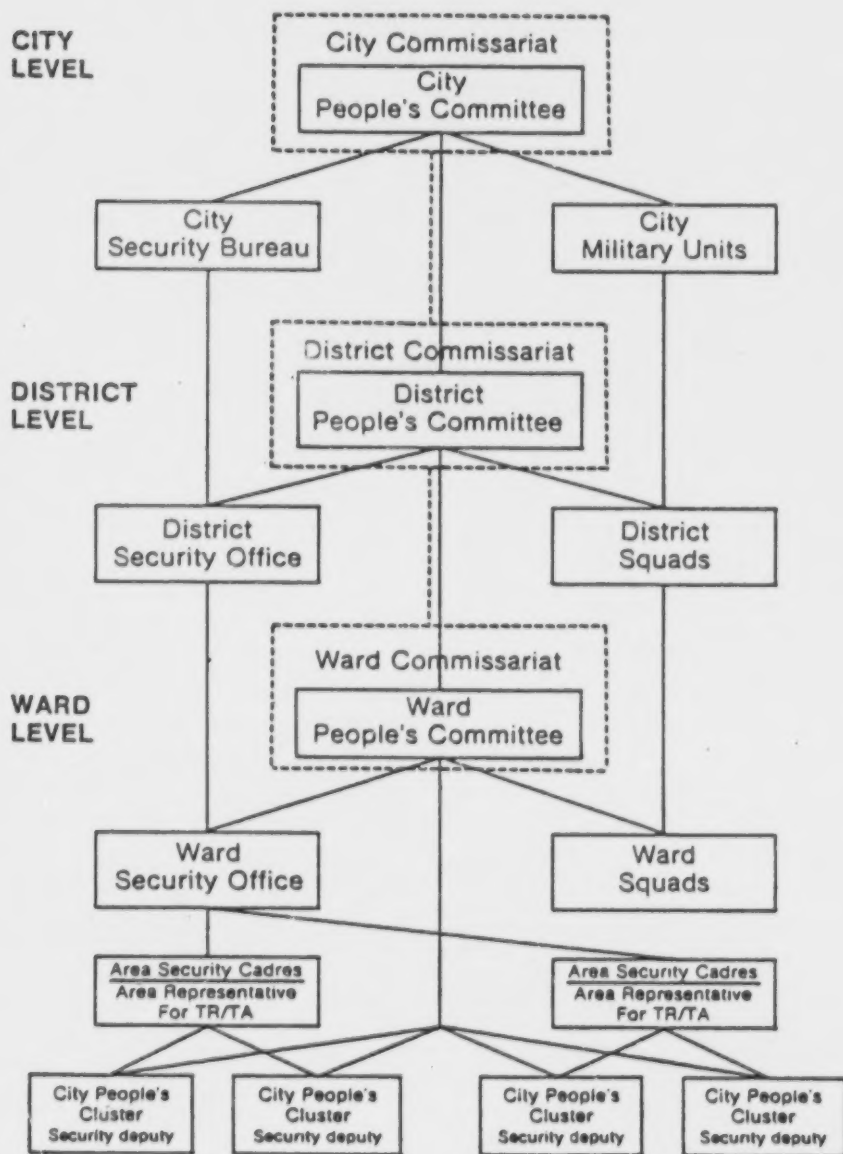
TYPICAL DAY'S OPERATION OF A COLLECTION CENTER



Party and Government Control of People's Economic & Social Organizations



LOCAL GOVERNMENT STRUCTURE



TR/TA: temporary residence
temporary absence

Senator ARMSTRONG. Our first witness is Mr. John W. Willoughby, a sergeant of the New Orleans Police Force. Sergeant Willoughby is a 13-year veteran of the New Orleans Police Force. He is now assigned to the 7th district and is commander of the 7th district Asian unit. This unit deals with crime, intelligence, and public relations in the area of New Orleans East which has approximately 6,000 Vietnamese refugees in residence.

Sergeant Willoughby served in the Army from 1962 to 1965 and spent 2½ years in northern Thailand in the U.S. Army Security Agency. After discharge from the Army, he returned to Indochina for about a year as a civilian.

Sergeant, we appreciate your coming to be with us this morning and I'm especially interested because you evidently have come into contact with this issue, this currency transfer issue, in your work in New Orleans. If you can give us your insights about this matter, Sergeant.

STATEMENT OF JOHN W. WILLOUGHBY, NEW ORLEANS POLICE FORCE

Mr. WILLOUGHBY. The Vietnamese refugees in the United States fled their homeland for one reason, to escape Communist domination. This escape was for many of them a matter of life and death. Their rhetoric aside, the Communists are very harsh with those who oppose them. Almost every Vietnamese now in this country left family members in Vietnam. The Communist government well knows those who have relatives that fled. Special attention is paid to those still in Vietnam who have relations in America. They are singled out for special treatment.

This treatment can take the form of additional taxes, confiscation of private property, jail, or death.

REFUGEES DESPERATE TO AID FAMILY MEMBERS

The Vietnamese in this country are only too aware of the conditions their family members in Vietnam live under. They have fathers, mothers, sons, and daughters constantly in their thoughts. Vietnamese refugees in the United States will go to any lengths to aid their family members left in Vietnam. This aid consists mostly of sending packages and/or money to Vietnam.

They also know that many of the goods and often most of the money they send does not reach its destination. They send it anyway because a little is better than none. A Vietnamese male said to me:

If I send \$100 to my wife and son and they only get \$10, that's \$10 they would not otherwise have. That \$10 may keep my son alive. That \$10 will allow my wife to eat where she could not eat before.

Money and packages are sent by storefront operations and private post office operations and many of these are run by criminals or agents of the Communist Government of Vietnam.

COMMUNIST AGENTS AMONG REFUGEES

Only a fool could think that the Communist government did not place agents among the refugees in this country. The people who

command the Communist government in Vietnam see this natural need to care for their families on the part of the Vietnamese refugees as a source of much needed foreign currency. The money sent to Vietnam is taxed and often stolen.

Our Government cannot and should not stop members of the Vietnamese community in the United States from attempting to aid their families in Vietnam. The flow of currency to Vietnam, however, should be controlled. We cannot continue to allow our national assets to flow so freely to Communist Vietnam.

[Prepared statement of John W. Willoughby, Jr., follows:]

PREPARED STATEMENT OF SGT. JOHN W. WILLOUGHBY, JR., NEW ORLEANS POLICE DEPARTMENT

Vietnamese refugees now in the United States fled their homeland for one reason: to escape Communist domination. For many this escape was literally a matter of life or death. Rhetoric aside, the Communists are very harsh with those who oppose them.

The Vietnamese in this country will go to any lengths to aid their loved ones left in Vietnam. This aid consists mostly of sending money and packages to Vietnam. They are only too aware of the conditions under which their family members still in Vietnam live. The Communist Government of Vietnam makes sure they know.

I illustrate below, with three examples:

1. *Mr. Tran.* Mr. Tran is a resident of Eastern New Orleans. He has a good job. His mother and sisters are still in Vietnam. Mr. Tran is a former Captain in the Vietnamese Marines. His brother was an Army Sergeant. Mr. Tran lost a toe at Khe Sanh where he fought alongside American Marines. Mr. Tran sends money regularly to his mother in a small village near Saigon, now Ho Chi Minh City. Mr. Tran's mother was placed in a re-education camp after he and his brother fled Vietnam. He states that if they had not fled they would have been killed.

After getting out of the camp his mother was not allowed to return to their former home in Saigon, "We have it no more. No home. The Communists have it. My mother had no place," he told me.

Mr. Tran sent money to his mother so that she could pay the Communist officials in a small village to place his mother's name on the rolls of the residents of that village. Mr. Tran says, "If she does not give them money all the time they will say she does not live there. They will send her back to the camp. I will have no way of knowing where she will be. I cannot send money if I do not know where she will be. My mother is an old woman. She will die if she goes back to the camp."

Mr. Tran informed me that his mother has to pay the Communist officials in the village money, "Whenever they want it. They have no schedule. They just take money when they need some money." He further states, "My mother gives the money to someone in the village. The money then goes up the line to Saigon, the money passes from hand to hand and when it reaches the man in Saigon, all Communists, there is not so much as my mother gave the man in the village. Everybody takes some. It is like if I need a paper that costs a thousand dollars. I give you a thousand dollars to see your friend in Washington who has a powerful friend. Your friend gets a thousand dollars, the friend gets a thousand dollars to get the papers. I get the papers for a thousand dollars. Nobody talks about all the other thousand dollars that I have to pay up the line. That's the way it is in Vietnam."

"For my mother to live in the village it costs her about \$400.00 or \$500.00 to begin. Of course like I said. She has to keep paying or she will go to the camp. There is no guarantee that they will not put her in the camp anyway. She writes to me and tells me this. They can return her to the camp anytime they want. If she gives them money or not."

Mr. Tran told me that he sends money to his mother via a person in California. He would not tell me the name of the person. He said, "This is the only one in America who can send money to this particular village. If you put him in jail my mother will starve. She will die if I do not send money. If you put him in jail I cannot send money to my mother."

He stated that for every \$100.00 that he sends his mother, she gets 7,000 DONG. "In Saigon it is much more. There you get 8,000, 9,000, or sometimes 10,000 DONG for your hundred dollars. But this is a small village. There is only one way to get money there. There are many ways to get money to Saigon. All blackmarket, you know. All money to family goes blackmarket. You can put money in the Com-

munist bank but they do not give money in return. Only coupon. Coupon no good. Cannot buy things with coupon. You cannot give coupon to keep out of the camp. The Communist who take the money will not take coupon. Only money."

He explained that life is, "Very, very hard," for the families of former soldiers who fled Vietnam. Only those that are Communists or members of families of Communists can shop in certain stores.

"They can buy meat. Maybe ten pounds of meat! Everyone else has to have fish. Unless you know someone who is friends with the Communists. Then maybe they will sell you meat."

Mr. Tran further explained the technique of sending money to Vietnam: "The American money does not go. The man in California has friends in Vietnam who are Communists. He sends them a telegram and for every hundred dollars I send him, my mother gets 7,000 DONG. If you are a Communist in Vietnam you can keep your money. If you are a friend of the Communist in Vietnam you can keep your money. This man has friends who are Communists. They take more than they do in Saigon for my mother's village because no one else can send money to that village. I have to send more money for her to get the same money. Do you know what I mean?"

Mr. Tran further states: "If you need a permit to go to another city there are two ways to get the permit. You can give money to the Communists and get the permit right away to go to the other city or you can wait in line for a month and then maybe you will be allowed to get the permit."

In speaking further of the re-education camps, "If you don't have money or know some Communists you can stay in camp forever. If I no send the money my mother will be put back in the camp forever. Mr. Jack she is old and she is sick. I want to see my mother again. Don't try to find out who the man is where I send my money. My mother will die."

Mr. Tran stated that he has been trying to get his mother and two of his sisters out of Vietnam via the Orderly Departure Program but that the price to him is \$5,000.00 per person. He cannot save that much money and still keep his mother alive in Vietnam by sending her money. Mr. Tran is caught in a Catch 22. He can save the money to pay the \$5,000.00 to get his mother from Vietnam but by doing so will have to stop sending her money and she will die or be killed. He can send the money to Vietnam but by doing so cannot save enough money for the final pay-out.

During the above interview Mr. Tran cried constantly. He cried in a very manly way, no sobs, just a constant flow of tears. He stated that when he thinks about the conditions under which his mother lives, "in the Communist village," he cannot eat. He has to force himself to eat so that he can be strong and make money to feed himself and his family here in America and send money to Vietnam for his family there. If he is weak, all will die.

2. *Mr. Nguyen.*—Mr. Nguyen is a resident of Eastern New Orleans. He is a former Sergeant of Police in Saigon. He was so employed for eight years. His statement is much shorter:

"Mr. Jack my wife and my son are still in Vietnam. I send them money. I will do anything to send them money. If I sent \$100.00 from America and my wife only gets \$10.00 that is O.K. That \$10.00 she gets can make big difference. It can keep my son alive. That \$10.00 can keep my wife from starving. I would send \$1,000.00 so they could get \$10.00 if that is what they asked. I have no choice. I want my son to stay alive. I want my wife to stay alive."

Mr. Nguyen would not give specific names when referring to currency transfers. "I know you do your job Mr. Jack. You do your duty. I was a policeman just like you. But I will not help you do this job. If you do your job too well I cannot get money to my son."

3. *Mr. Nguyen.*—This Nguyen is not related to the man above. Mr. Nguyen is a former ARVN Sergeant (Airborne). Mr. Nguyen's mother once owned a small hotel/restaurant in the heart of Saigon patronized by many American soldiers. At the fall of Vietnam Mr. Nguyen was the only member of his family to escape. After his arrival here he found his childhood sweetheart from Saigon and they were married. He has three children.

The property owned by his mother was confiscated by the Communist government. His mother now lives in Minh Hai, formerly Ca Mau. He states, "If I do not send money to my mother, who lives where they make her live, they will send her to a new farm in the mountains or the jungle. My mother is an old woman. She always worked hard for us but not that kind of work. Work on a farm in the mountains will kill her."

"I send her money every month. It costs \$120.00 in New Orleans East. I pay \$120.00 they send \$100.00. My mother gets 8,000 DONG. In New Orleans there are

many places to send money to Vietnam. In Washington, D.C., on Wilson Blvd., in Virginia, same as Washington there are about 15 places in that neighborhood to send money."

Mr. Nguyen stated that those people in Vietnam whose relatives were with the ARVN and who escaped to America are watched closely. He stated, "They must pay for everything. They pay more than the Communists or those who are friends of Communists. I would like to kill all the Communists in the world. They will not let my mother come to me. They will not let me go back to Vietnam to see my mother for a visit. My mother will die in Vietnam. One day she will not have all the money they want and she will die. My father was a police lieutenant and was killed in TET 1968. The Communists remember who was against them. Those people pay. And pay. And pay."

I have been able to determine, from informant information, that the following locations are transferring money to Vietnam from Eastern New Orleans: (1) Saigon Plaza—4600 Alcee Fortier, New Orleans, LA; (2) Kim Tam Jewelry—4626 Alcee Fortier, New Orleans, LA; (3) Sieu Thi Vietnam—4646 Alcee Fortier, New Orleans, LA; (4) Mr. Ha—14171 Peltier, New Orleans, LA; and (5) Tien's Pharmacy—4625 Alcee Fortier, New Orleans, LA.

Informants state that all of the above locations charge \$20.00 per \$100.00 for the transfer of funds to Saigon, Vietnam. This is done, the informants state in all cases, by giving the money to the above locations and then telegrams are sent to Vietnam where the money is then transferred by "friends" of these locations to the sender's relative in Vietnam, Saigon area. Perhaps other areas of Vietnam as well but that was not known by these informants.

Interview with Mr. Tran took place at his residence in Eastern New Orleans, evening of June 18, 1984.

Interview with first Mr. Nguyen took place at a restaurant in Eastern New Orleans, on afternoon of June 17, 1984.

Interview with 2nd Mr. Nguyen took place at Sgt. Willoughby's residence on morning of June 19, 1984.

Senator ARMSTRONG. Sergeant, may I ask, as part of your work—you've given us some conclusions which I judge are based on experiences you have had as a police officer in New Orleans. Is it your responsibility in your work there as a police officer to collect information relating to criminal activities in the Vietnamese community in the New Orleans area?

Mr. WILLOUGHBY. Yes, sir; it is.

UNDERGROUND CURRENCY TRANSFER ACTIVITIES

Senator ARMSTRONG. During the course of your investigations, have you learned that there are in fact underground currency transfer activities in New Orleans? What I'm trying to pin down is whether or not you are telling us conclusions based on speculation or secondhand observation or whether it's a result of your investigations in that area.

Mr. WILLOUGHBY. I reached some of them as a result of investigation, information given me by confidential informants and going actually into these local operations and looking around and talking to people, observing packages on the premises.

There are five collection areas to send money to Vietnam in about a 15-square block area in New Orleans.

Senator ARMSTRONG. You say in a 15-block area of New Orleans?

Mr. WILLOUGHBY. That's right.

Senator ARMSTRONG. Do you have any way to know whether or not this phenomenon is widespread beyond New Orleans?

Mr. WILLOUGHBY. Sir, according to the informant information I have, it's widespread in every Vietnamese community in the United States. An informant in New Orleans told me that in the Washington area, I believe it's Wilson Boulevard, he described it as

Wilson Boulevard in Washington, which is really in Virginia, which is the same thing as Washington—that there are 15 collection agencies in an area of one street.

Senator ARMSTRONG. Sergeant, if you will excuse me for just a moment.

Sergeant, have you received any information relating to alleged currency transfer activities of Nguyen Hai Dinh?

Mr. WILLOUGHBY. Yes, sir; I have.

Senator ARMSTRONG. Could you tell us about that? What I was discussing with Mr. Cassidy was whether or not this was a question that I was supposed to ask in an open session. I don't want to compromise anything that you may be doing, but I gather that that is not a question which takes you by surprise. Can you tell us about that?

Mr. WILLOUGHBY. Yes, sir. As I said before, one of the things that I've tried to monitor is criminal activity and gather intelligence in the Vietnamese community in relation to our money.

It came to my attention through confidential informants that this Nguyen Hai Dinh was living in a Government-subsidized apartment. He and his wife supposedly had an income of approximately \$250 a month together. They listed their employment as part time in a jewelry store. Further information came to me through confidential informants that Mr. Nguyen Hai Dinh and his wife filed a joint tax return stating their joint income at \$32,000 approximately per year.

Further information came to me through confidential informants that on 2 months, he was able to see the bank returns for 2 months, and that this gentleman had over \$100,000 a month going through his bank account.

Other informants informed me that this gentleman was cashing checks for people. He was also an outlet for sending money back to Vietnam. The terms I'm told that he uses for this—if you give him \$120, he will send \$100 back to Vietnam. He sends money to the Saigon area where the recipient receives approximately 8,000 dong, which is the Vietnamese currency. The money black market rate in Saigon for \$100 American dollars I understand is about 10,000 dong.

Once the people get this money, they are generally required to pay off various Communist cadres in the area where they are living so they can continue to go on living.

But there is a large and unbelievably large flow of money to Vietnam. I have no information whether Nguyen Hai Dinh is allied with the Communist government or is a criminal or is not a criminal, but I do have definite information that he is one of the sources of money going there.

Senator ARMSTRONG. Based on your experience with Southeast Asian people in general and Vietnamese people in particular, could you tell us how many Vietnamese people in the United States are sending money to their families on a regular basis? Perhaps that's a broader question than you are prepared to respond to. There are some 6,000 Vietnamese people I understand in your law enforcement jurisdiction. Do you have an estimate, based on your investigations, of what proportion of those people might be sending money back to Vietnam?

Mr. WILLOUGHBY. Sir, I can only say that I don't have numbers, but I would say that everyone who has relatives living in Vietnam and who can possibly afford to send money back to them in Vietnam is sending it. They feel very deeply about their family members left in Vietnam. Many of these people in my area, the majority of them, are Catholics. They and their families are originally from North Vietnam. They came to the South in 1954 and 1955. This is not the first time they have had to relocate their homes to escape Communists. They think daily and constantly about their families back in Vietnam.

ONLY A PROPORTION OF MONEY RECEIVED BY FAMILIES

Senator ARMSTRONG. You have indicated that only a portion of the money that a Vietnamese person might seek to send back to their families would actually be received by their families. At one point in your statement you referred to the possibility that if someone sent \$100 only \$10 of it might reach the family in Vietnam.

Was that simply by way of illustration, or is that in fact the magnitude that you believe—I'm not sure how to describe this—I don't want to use a prejudicial term—but the shrinkage—let's call it shrinkage.

Mr. WILLOUGHBY. That statement is a verbatim statement given to me by a confidential informant when we were discussing the problem of sending currency back to Vietnam. He was using this as an illustration. He believes that more than \$10 did get there, but in some instances zero dollars get there, but they keep sending the money on hopes that some will get there or some part will get there.

As I said in my statement and as the man told me, if \$10 out of \$100 gets there, that's \$10 that the family in Vietnam can use to eat and they wouldn't have had anything to eat otherwise.

Senator ARMSTRONG. Sergeant, in some cases, none of the money gets there. Why would that be? Because the money forwarder simply doesn't forward it?

Mr. WILLOUGHBY. Because somewhere somebody along the line put it in their pocket and went home with it.

Senator ARMSTRONG. How is that money actually transferred, do you know?

Mr. WILLOUGHBY. There are several ways. As Mr. Cassidy mentioned before, the money goes from the United States through another country, Canada or France. The actual currency leaves. Sometimes the currency—quite often the currency stays here in this country. The recipient of this currency sends a telegram to someone in Vietnam who supposedly has a lot of money and this person who has a lot of money contacts the relative of the person who is supposed to receive the money. Of course, cuts are taken all along the way. The person who is still in Vietnam with this great amount of money they have will be able to hand out money and will give the person in Vietnam a percentage of the money sent.

Senator ARMSTRONG. I'm sorry. I didn't understand. Would you track that back through again?

Mr. WILLOUGHBY. Let me explain it to you the way the Vietnamese informant explained it to me.

He said:

Mr. Jack, if I take \$100 and go to the store to send that \$100 back to Vietnam, the man at the store keeps the \$100, but he sends a telegram to his rich relative in Saigon and his rich relative in Saigon will give the money to my family in Saigon.

So, the actual money stays here. There are a couple of things, that either the rich relative in Saigon is actually a member of the Socialist Republic of Vietnam Government or the rich relative in Saigon has friends in the Communist government and was allowed to keep his money and may be planning to emigrate to the United States. When he gets here he would have this money already here. Of course, the person holding the money for him would take a percentage of that for his services.

Senator ARMSTRONG. So you're suggesting that, in effect, it becomes not only a way for U.S. persons to transfer resources to family members or others in Vietnam, but also for someone who has a desire to get resources out of Vietnam to establish bank accounts or other forms of assets in this country?

Mr. WILLOUGHBY. Yes, sir. It just seems kind of odd that after a Communist takeover, given the basis of the Communist system, that they should allow so many rich people to still stay there. It would be my opinion that most of the rich relatives are in fact Communist relatives getting money, possibly using money in this country to their own ends.

Senator ARMSTRONG. Thank you, Sergeant. That's very helpful. We will try and pin down and put in the record a discussion at this point of the legal status of such transfers. I am advised by Mr. Cassidy that there may be a question of whether or not, in fact, a license is required for transfers of this kind. I would be glad to ask you about that if you want to comment about it, but I take it that's not directly your area.

Mr. WILLOUGHBY. That's not my area.

Senator ARMSTRONG. That's not your jurisdiction, but there are some Federal licensing requirements, as I understand it, and also some limitations on the amount of currency. However, my desire—and I don't want to lead the committee into an intellectual cul de sac here—my concern is not so much a technical violation of that statute, but whether or not, in fact, as I said at the outset, there is an exploitation of people residing in the United States by the Government of Vietnam.

That's very helpful and I'm grateful for your testimony and I hope you will stand by. We may have some questions for you later.

Mr. WILLOUGHBY. Thank you.

Senator ARMSTRONG. Thank you very much.

May I ask now that Madame Le come to the desk. She is one of the people who brought this issue of Vietnamese currency transfers to my attention in the first place and, in fact, she also appeared as a witness at a Senate hearing on forced labor which I conducted in 1982. I have asked if she would serve as an interpreter this morning for these hearings because several of the people who we are about to hear from are, in fact, not able to speak English or speak only with some difficulty, and so we are grateful to you, Madame Le, for being with us, and we are hopeful that you will be

able to really be of assistance to us in understanding what the witnesses wish to express.

May I ask now that Mr. X, as we have designated him, a refugee from Vietnam, come forward to the witness table. Is he in the room or is he in the waiting room? We'll be at ease for a minute while the next witness comes forward, and then I would like to explain a thing or two about the witnesses who will follow, but I want to explain that while they are present in the room.

**MADAME LE THI ANH, INTERPRETER, ACCOMPANIED BY MR. X,
MADAME KIM, MR. Y, AND MR. Z**

Senator ARMSTRONG. Good morning, Mr. X. I wanted to wait until you were in the room to explain, first of all, the reason why you are appearing before the committee in the fashion you are; that is, with a mask to hide your identity. That, as I understand it, is at your request. Would you put that question, Madame Le, to him?

Mr. CASSIDY. He can speak English.

Mr. X. It is my request.

Senator ARMSTRONG. Thank you very much. That simplifies the problem substantially. My staff advises me that it is at your request that you have appeared in a way that would not make it possible to identify you from photographs and that your name has been withheld also at your request.

I am, from my notes, permitted to put into the record the following: that you are 32 years old, you're a refugee, you are working in the Eastern part of the United States, that you are a former naval officer who was wounded in combat in Vietnam, that you were held in reeducation camps until you escaped in 1979.

I understand that you have requested that your identity be protected because you work with refugees who might be alarmed if you were subjected to publicity surrounding your appearance today.

So with that word of background, let me express my appreciation to you for coming to be with us and ask you to simply relate your experiences that bear on this problem.

Mr. X. Thank you, Senator, and thank everybody here, the press.

I'm waiting 2 years. I spend my 2 years to investigate this by myself, not funded any agency, but to take the revenge for the exploitation of Hanoi which causes me to live the rest of my life in anguish and cost the life of my daughter.

Senator ARMSTRONG. I'm sorry. I'm having difficulty hearing you. Would you pull the microphone right up to you and would you pull it very close to your lips and would you start again. We're not in any hurry. We've got plenty of time, but I just want to be sure that we are able to understand clearly what you're saying. Would you begin again?

Mr. X. Again, I have been waiting for that time for myself and for the community in the United States. People who are helping us. I have a good life and a freedom since I've been here, since I arrived in the United States.

I often send money back home. That is tradition and also to help my family. The money once in a while reaches my family but sometimes it does not.

COMMUNICATION WITH FAMILY BY CODE

Before I left Vietnam, I knew it was hopeless to survive when I crossed the ocean to be in the United States, it very hopeless. I was one of thousands, but before I left Vietnam I told my wife we have a secret code. I said, "If I survive and I am in United States, I will help you. I will send money for you to buy food and to stay alive until I see you again." I made a secret code. I will tell you and your committee now. I say, "Send me an old picture for the memory every single time I send the money." And I did send the money through many, many agencies, underground, through the Vietnamese, the Chinese, through many ways, through Canada because it was fast. I send the money to Paris because it was fast. I send the money to Virginia and Texas. I send the money to California.

I work hard to be a good citizen. The money, it doesn't go to the support for what my family should get, but the money—many of the money go to the pocket of the Vietnamese Government.

Senator ARMSTRONG. May I interrupt you at this point to restate what I understand that you have said, and I want to be sure I have understood exactly what you just told me. Would you just listen carefully to what I'm about to say and if there is anything you don't understand or if there's anything that I play back to you that is not exactly what you intended to say, would you correct me or interrupt? Please feel free to do so. Don't hesitate to do so.

Mr. X. Thank you, sir.

Senator ARMSTRONG. What I understand you have said is the following: first, that you came to this country from Vietnam but that your wife remained behind in Vietnam.

Mr. X. Yes, sir.

Senator ARMSTRONG. And that she remains there until this time.

Mr. X. Yes, sir.

Senator ARMSTRONG. And that you arranged with your wife before leaving Vietnam that you would send her money.

Mr. X. Yes, sir.

Senator ARMSTRONG. And in fact arranged a means by which you could communicate with her in code.

Mr. X. Yes, sir.

Senator ARMSTRONG. In other words, so that she would be able to report to you whether or not she received the money that you sent.

Mr. X. Yes.

Senator ARMSTRONG. I believe I understood you to say you had forwarded money to her through various persons in this country, in Canada, and through Paris, and that all of the money did not reach your wife.

Mr. X. I would correct you. The money did reach to my family but it doesn't go to the exact amount I send for her. I send her \$300. She is supposed to get the equivalent with the Vietnamese dong in Saigon, equivalent with \$300, but she did not get that \$300.

Senator ARMSTRONG. How much did she get?

Mr. X. Lost.

Senator ARMSTRONG. Less than \$300?

Mr. X. I mean lost, totally lost, \$300. And then the second time many, many letters were sent to me asking for the money, asking because of sickness—my uncle, my father, my mother. Well, they need money and please send it to me because my eye needs an operation now; if not, I am going blind very soon. How could a young woman like her get blind eye? I don't believe it. And also the letter with no code at all and I am not saying that I am smart to make a code, but I am doing it to protect myself and to protect her and to make sure that the money and the energy I'm working is not going to the Communists, not for them to have the opportunity to invade our country and spread the communism. That's the point.

Senator ARMSTRONG. Let me again recap. You mentioned that on one occasion you sent \$300 to your wife and none of that reached her at all.

Mr. X. Again, I say once in a while the money, but this not reach my wife, not all the time.

Senator ARMSTRONG. Sometimes the money gets through?

Mr. X. Sometimes the money will.

Senator ARMSTRONG. And sometimes it does not?

Mr. X. It does not.

Senator ARMSTRONG. I understand. Then you're saying that your wife has written you letters mentioning health problems.

Mr. X. Many, many.

LETTERS PLEADING FOR MONEY NOT GENUINE

Senator ARMSTRONG. And the letters plead for money but do not contain the prearranged code words that would identify the letter as being genuine.

Mr. X. Yes.

Senator ARMSTRONG. So for some reason—and I don't want to put words in your mouth and I don't want to lead you, but let me see if I can—you suspect that these communications are not genuine. Who do you think is writing them? Are they being written by your wife, or written by someone else, or is she being forced to write them? What is it that you believe is happening?

Mr. X. Senator, I believe it was forced by the local police. I stay in Vietnam after Saigon collapsed and we are learning and I am learning from experience. I know how the local government works with the people, works with the local people. They very closely select information from a friend or a neighbor, and they visit your family, seeing your daughter, asking your daughter what your father is doing, if their father had any friends in the United States. My daughter, of course, she will say it's true, yes, my daddy had a friend in the United States and also she talked to me that the policeman over there asking me all the time do you have a friend and are you going to escape some time. So I know. Although last letter especially of the first year when I arrive in the United States, I receive frequently letters asking for money and asking for the further information what I am doing in America, how much money I make, where I work at. My wife never ask me that question and I know my wife. She very smart lady.

Again, I repeat, all the letters is being censored and then they are forcing her to write what they want me to do for them and what they need, especially money.

Senator ARMSTRONG. Would it be possible for your wife to leave Vietnam and come join you here?

Mr. X. I wish.

Senator ARMSTRONG. It is not possible, are you saying?

Mr. X. Would you repeat again?

Senator ARMSTRONG. Is it possible—would your wife be permitted to leave Vietnam and come to this country? Would the authorities permit that to happen?

Mr. X. The authority in Vietnam will permission for my wife to get the exit visa to go to the United States with me?

Senator ARMSTRONG. Yes. That is my question.

Mr. X. Until now I haven't get that idea from the letter which, to my knowledge—do you understand me—until now I haven't get any idea by written letter my wife sent to me saying she has a chance to get a permission for union with me in the United States, no.

Senator ARMSTRONG. All right. I have only one other question that I would like to ask, although I would be happy to have you add anything that you would like to add if there's more that you wish to say.

You have explained an experience you had of attempting to send money to your family in Vietnam and that the money has been diverted to other uses, that it has not reached your family.

Have other Vietnamese people in this country had this experience? Do you personally know other Vietnamese people who have had similar experiences?

Mr. X. Yes, sir. I work for the refugee myself. I did make friends and I did make the investigation what they are doing, what their life there should be. I would say 95 percent of the people of friend of refugee who barely make it into the United States, who really knew the country, they always get the letters. Take 21 or 24 day to receive a letter from Vietnam and then frequently all the letter contains is an itemized list—the radio, the tape recorder, medicine, money, you know, money to buy that, to buy this, money to give for the local police, the corruption guy—they say that, but actually when questioning them, their family doesn't get it.

Senator ARMSTRONG. So your observation is that this is a very widespread problem faced by Vietnamese people?

Mr. X. It's a very severe problem, very severe problem.

Senator ARMSTRONG. Well, I thank you very much for your testimony this morning and also I thank you for the help that you have given our staff in developing the information which has led to this hearing this morning and to the other work which we're doing. Thank you very much for coming to be with us today.

Mr. X. I'm very pleased to be here. Thank you.

Senator ARMSTRONG. Thank you so much.

I would now like to ask to join us at the witness table Madame Kim Bang. I might explain that Madame Kim is not in fact her correct name. She has asked to appear here this morning under that nom de plume for the same reason that Mr. X asked not to use his correct name.

As she arrives, I will explain exactly who she is. Madame Le, I understand that Madame Kim does not speak English and that you will translate for her.

Madame LE. Yes, Senator.

Senator ARMSTRONG. Madame Kim came to the United States in 1975. She was a citizen of North Vietnam where she was a prominent member of the highest circles of Government. She is a contemporary of Ho Chi Minh and is personally acquainted with several members of the Politburo in Vietnam.

Madame Le, would you say to Madame Kim that we welcome her to these hearings and appreciate the information which she is about to give us.

[Translation by Madame Le.]

Senator ARMSTRONG. Madame Le, would you also say to Madame Kim that we would like her to tell us only those things which she knows of her own firsthand knowledge and we don't desire any particular answer but only to find out the true facts and she should only tell us exactly what she knows of her own knowledge.

Madame LE [translating for Madame Kim]. She asked which subject?

Senator ARMSTRONG. We understand that you may have information regarding the transfer of money or goods to Vietnam by people now living in the United States.

Madame LE [translating for Madame Kim]. Yes.

Senator ARMSTRONG. Would you pull the microphone closer to yourself and then ask Madame Kim to please tell us anything she may know about the transfer of money from persons in this country to Vietnam?

Madame LE [translating for Madame Kim]. The transfer of packages is known to everyone. For the transfer of currencies there is an organization, a system, to collect the currencies. There are several ways of organization. There are separate small collection centers or individuals who can gather together large collections.

Senator ARMSTRONG. Could you ask Madame Kim, has she had occasion to transfer money to persons in Vietnam?

Madame LE [translating for Madame Kim]. Yes, I did.

PLEDGES TO COLLECT LARGE AMOUNTS OF MONEY FOR COMMUNISTS

Senator ARMSTRONG. Could you ask Madame Kim about the following: We are told that her niece—that is, Madame Kim's niece—pledged to collect a large sum of money in United States currency for the Socialist Republic of Vietnam utilizing the mechanism of so-called family transfers. Does she know anything about that?

Madame LE [translating for Madame Kim]. My niece, she would not dare talk about it. Things are happening in Vietnam I did not witness. I asked her then if there are things she knows here. Here in the States there are many collecting agents here.

Senator ARMSTRONG. The persons who collect the funds, are they numerous? Are there many such persons in the Washington, DC, area?

Madame LE [translating for Madame Kim]. When I ask somebody to help me with the transfer I know only that person, but I believe there are a lot of them around here.

Senator ARMSTRONG. She believes that there are many?

Madame LE [translating for Madame Kim]. Yes.

Senator ARMSTRONG. Could we go back to the question of her niece? We have some information that her niece prior to departing Vietnam made a pledge to collect a large sum of money, in fact a very large sum of money, in U.S. currency for the Vietnamese Government and I didn't quite understand whether or not Madame Kim confirmed that fact, or denied, or didn't have any information. I wasn't quite clear about her response.

Madame LE [translating for Madame Kim]. I saw her transfer money in the place it made. She never did tell me anything about it. Nobody in there would dare say anything about that.

Senator ARMSTRONG. I understand. May I ask if Madame Kim has any information about whether or not funds which are sent from this country actually arrive at their intended destination? In other words, when the money is sent from here, does it get to the family members for whom it is intended?

Madame LE [translating for Madame Kim]. Yes, it reaches the recipient.

Senator ARMSTRONG. It does reach the recipient in Vietnam?

Madame LE [translating for Madame Kim]. Yes.

Senator ARMSTRONG. Does it reach the recipient in the full amount or are there amounts deducted from the transfer?

Madame LE [translating for Madame Kim]. The collecting agent here must give credit, therefore the recipient in Vietnam must receive the full amount.

Senator ARMSTRONG. I think that concludes the questions which I have for Madame Kim, but let me ask if there is any other matters that she wishes to bring to our attention.

EXPORT CONTROL LIMIT OF \$1,200 IS TOO HIGH

Madame LE [translating for Madame Kim]. I think that the amount now authorized for each person to send, \$1,200 to Vietnam is too much. It's too high.

Senator ARMSTRONG. The \$1,200 limit, Mr. Cassidy, is the export control limit that we discussed a moment ago?

Mr. CASSIDY. That's correct.

Senator ARMSTRONG. And Madame Kim feels that should be reduced. Is that what she was saying, that the \$1,200 is too high?

Madame LE [translating for Madame Kim]. Yes.

Senator ARMSTRONG. Why does she feel that that's too high?

Madame LE [translating for Madame Kim]. Because if someone would send that amount to every person it would give Communist Vietnamese the opportunity to collect too much foreign currency, too high an amount of foreign currencies.

Senator ARMSTRONG. Well, I'm not sure that I understand. That response would indicate that the money was going to the Government somehow rather than to the families involved, or did I misunderstand her earlier response?

Madame LE [translating for Madame Kim]. Yes; she wanted to say that the money we send goes into the Government treasury, yes.

Senator ARMSTRONG. That it goes into the Government treasury?

Madame LE [translating for Madame Kim]. That's correct. Yes. Senator ARMSTRONG. Would you tell Madame Kim that we are grateful to her for coming and I'm aware that she has been under some pressure and some tension about her appearance here today and that we are very grateful to her and admire her willingness to help us in this matter.

Thank you very much.

May we now have Mr. Y come forward? While we bring Mr. Y to the witness table, we will be at ease for just a moment or two.

It's my understanding that it is intended that both Mr. Y and Mr. Z come forward at the same time and if we can arrange to do that we will just wait a minute.

The two gentlemen who have come forward again appear under disguise and are appearing here today under the names of Mr. Y and Mr. Z.

Madame Le, would you explain, I'm going to take just a moment to introduce for the record a few words about their background and then we will be happy to hear their testimony.

Mr. Y is a 31-year-old refugee from the west coast who has been in the United States about 6 months. Mr. Y is a former member of the Armed Forces of South Vietnam and lived underground until his escape to the United States. He has asked that his identity not be revealed because of his concern for the well-being of his wife.

Mr. Y, we appreciate your willingness to come a long way to testify before this committee. I understand that you have been subjected to demands to participate in the transfer of money from the United States to Vietnam in both countries.

Madame Le, could you ask Mr. Y if he could tell us anything about this, about his experiences and the demands which have been placed on him to participate in currency transfer operations?

THE COMMUNIST CADRE MAN

Madame LE [translating for Mr. Y]. When I was still in Vietnam I had an older brother in this country and the local Communist cadre man used to come to visit me at my home in Vietnam. The cadre man ordered me to write to my brother who——

Senator ARMSTRONG. The cadre man?

Madame LE [translating for Mr. Y]. The cadre man, the Communist cadre man.

Senator ARMSTRONG. I just wanted to verify what that word was. Thank you.

Madame LE [translating for Mr. Y]. The Communist cadre man ordered me to write to my brother to ask him to send money home when I was still in Vietnam, but my brother did not want to do so.

Remember he just came here 6 months ago.

Senator ARMSTRONG. I understand. How did the Communist cadre man respond when his brother declined to send money?

Madame LE [translating for Mr. Y]. This cadre man has created a lot of problems for my family.

Senator ARMSTRONG. Say that again, please.

Madame LE [translating for Mr. Y]. This cadre man in Vietnam created a lot of problems.

Senator ARMSTRONG. The cadre man created a lot of problems for his family in Vietnam.

Could he tell us the nature of those problems? What kind of problems were they?

Madame LE [translating for Mr. Y]. Regarding the allocation of foods or if we asked for a travel permit to go somewhere, they would not give us the allocation or the permit.

Senator ARMSTRONG. I see. Before we ask Mr. Y about his experience in this country after leaving Vietnam, could you ask him to tell us how he happened to leave Vietnam? Was he given permission to leave, or did he escape, or what were the circumstances of his departure?

Madame LE [translating for Mr. Y]. I escaped by boat.

Senator ARMSTRONG. You escaped by boat?

Madame LE [translating for Mr. Y]. Yes.

Senator ARMSTRONG. Well, I won't pursue that. I think the story of the escape of persons from Vietnam by boat is well known and perhaps there's no need to pursue that further.

As I understand it, Mr. Y arrived in this country 6 months ago and has received some communications from his wife who remains in Vietnam. Would you ask him to tell us about those?

Madame LE [translating for Mr. Y]. When I arrived here, I wrote back to my wife in Vietnam. When my wife wrote back, my wife ordered me, telling me to send money home. And since I just left Vietnam, I knew that if I did not send the money, life would be impossible for my wife in Vietnam; but if I send the money, it would benefit the Communists.

Senator ARMSTRONG. And did you, in fact, send money to Vietnam?

Madame LE [translating for Mr. Y]. Yes; I sent once.

Senator ARMSTRONG. And did the money reach your wife?

Madame LE [translating for Mr. Y]. Yes; it did reach my wife.

Senator ARMSTRONG. How did you transmit the money or how did you, on that occasion, send money to your wife? How did you effect the transfer?

Madame LE [translating for Mr. Y]. I am acquainted with a person here. I send the money to a person with whom I am acquainted, but my wife wrote to me saying that that is not sure. It is at a rate of exchange which is too disadvantageous, is too low, and she gave me the name of another person in Texas to whom I should give the money, but I've seen no one do it.

Senator ARMSTRONG. Where would his wife in Vietnam get the name of a person in Texas?

Madame LE [translating for Mr. Y]. I do not know.

Senator ARMSTRONG. Is the person in Texas a Vietnamese person or a person of some other nationality?

Madame LE [translating for Mr. Y]. Vietnamese.

Senator ARMSTRONG. Does Mr. Y have any observations that he wishes to share with us about this currency transfer practice? Does he wish to make any recommendations about what changes, if any, should be made in the present law?

Madame LE [translating for Mr. Y]. I would like to have this law or this authorization changed because under the current authorization, if we send the money, the Communists would let us have

access to only a portion of the money we send, but they never will let us have access to the whole amount of money.

Senator ARMSTRONG. So that when he sent money to his wife, it did reach her, but she didn't receive all of it?

Madame LE [translating for Mr. Y]. She can get only a small amount of the money. If I send \$500, she will be allowed to receive the equivalent of only \$100 or maybe a little more than \$100. The remaining amount would be deposited in a Government bank.

Senator ARMSTRONG. When you say "deposited in a Government bank," would your wife subsequently have access to that money or would she just never get it?

Madame LE [translating for Mr. Y]. If there is a legitimate reason arising in my family, I have to make a request, written request, and they would submit the request and if they decide that the reason is valid, yes, they would give my wife access to that money.

Senator ARMSTRONG. I see. Well, would you tell Mr. Y we appreciate his testimony and invite him to remain where he is and we will turn then to Mr. Z.

Mr. Z is a 44-year-old refugee, now living on the west coast. He was a captain in the army of South Vietnam. He was in prison from 1975 until his escape in 1980. After some time in the Vietnamese underground, he got out of the country by boat and made his way to the United States. Mr. Z has also asked that we protect his identity, because of his knowledge of the Vietnam currency collection system and the problems that people here and in Vietnam have been caused as a result of the currency transfers.

Mr. Z, we welcome you to the committee and we are very eager to hear any observations you have about the currency transfer and please tell us of your experiences.

Madame LE [translating for Mr. Z]. My family and myself are victims of the Communist regime. My wife has been told by the Communist cadres: "If you want to leave Vietnam under the official program, ask your husband to send money home." If you want to leave Vietnam under the official program your husband must send money through the official Government banks and you will be permitted to leave the country under the official program. My wife always urged me, really desperately urged me, but I refrained from doing it. Having known the Communists as I did, I just don't feel right to do it. I prefer to buy merchandise here and send them to Vietnam so my wife can sell the merchandise on the black market and use that money to try to seek departure from Vietnam.

COMMUNIST UNDERGROUND COLLECTION AGENTS IN CANADA

Since I arrived in the States I understand there are lots of Communist underground collection agents based in Canada and they are sending flyers advertising to all of us refugees urging us to send money home through official channels.

Senator ARMSTRONG. Can Mr. Z tell us, do many Vietnamese persons in this country respond to these requests? In other words, is this a rare circumstance where a Vietnamese person uses these channels to send money back to Vietnam or is it a very common thing?

Madame LE [translating for Mr. Z]. My own estimation is about 30 percent of the people, of the refugees——

Senator ARMSTRONG. Say that again.

Madame LE [translating for Mr. Z]. My own estimate is about 30 percent of the refugees who receive those advertising flyers send the money.

Senator ARMSTRONG. About 30 percent.

Madame LE [translating for Mr. Z]. Those who send are those who do not quite understand the policies of the Communists in Vietnam and they are very anxious and very concerned about their relatives in Vietnam not having enough to eat and being hungry and they just go ahead and send the money through those channels.

Senator ARMSTRONG. Do the funds which are transferred in this way reach the intended recipients? Do they get to the families?

Madame LE. Excuse me. I think a moment ago he called those collecting agents financial institutions of the Government. We call it collecting agents, but he says financial institutions.

Senator ARMSTRONG. Is it his testimony that they are agents of the Communist government?

Madame LE. Yes; but the name he gave to those we call collecting agents, he called them financial institutions—money making organizations. Let's say that.

Senator ARMSTRONG. In other words, is he saying that they are a part of the Government or that they work for the Government?

Madame LE. That's correct. Money making organizations of the Communist government.

Senator ARMSTRONG. That they are activities that the Government fosters for that purpose? I don't want to ask him to say more than he wants to say, but I want to be sure that whatever it is that he wants to say is actually recorded.

Madame LE [translating for Mr. Z]. Let me translate his definition of what he called financial organizations of the Communist government, a money making organization. The Government in Vietnam does not have money. It's going broke. So it has those organizations to collect money from Vietnamese overseas in order to buy weapons or whatever they need. That is the meaning.

Senator ARMSTRONG. I understand. Madame Le, would you ask Mr. Z if there is anything he would like to add to his statement?

PLEA FOR A HUMANITARIAN ORGANIZATION TO HANDLE CURRENCY

Madame LE [translating for Mr. Z]. I wish that the U.S. Government can find some way to help us send money to our relatives in Vietnam through an international organization, a humanitarian organization such as the Red Cross or other humanitarian organizations, so that our relatives will receive the full amount that we send to them. I wish that my suggestion could be materialized so that it would open some way for us to send money to our relatives in Vietnam and help them to live and yet at the same time it would not let us be cooperating with the regime that is warlike and use the money we send to wage more wars or oppress our people.

Madame LE. He asked whether the Senator would like to hear a very short story involving a foreigner which is relevant.

Senator ARMSTRONG. Yes; please ask him to proceed.

Madame LE [translating for Mr. Z]. After I had been released from the reeducation camp I saw in Saigon two citizens of the Soviet Union, one man and one woman. When they went into the street my friends surrounded them and we talked with hand language. I was very close to the couple and I saw the woman take out of her purse two bicycle chains. She sold those two bicycle chains to us, to Vietnamese, and took payment in dollars.

I thought that the Soviet Union is supposed to be a superpower and yet the citizens of that country are as poor as the citizens of our country. So I think that our country, Vietnam, will be in more misery for a long, long time to come. When the Americans were still in Vietnam, I never saw any scenes similar to that one. That is the story I witnessed.

Senator ARMSTRONG. Would you express to both Mr. Y and Mr. Z our appreciation for their appearances here this morning and acknowledge that we understand they have appeared here at some inconvenience and they have been, as the other witnesses, under a degree of tension and pressure and that we are grateful to them for coming.

Madame LE [translating for Mr. Y and Z]. In the name of the Vietnamese refugees, we would like to thank you, Senator.

Senator ARMSTRONG. Thank you very much. We thank both the witnesses.

Madame Le, if you would take a few minutes and present your own statement. I know that you have prepared a statement which I have reviewed in writing and in fact it is the most complete and readily understandable statement of the problem which I have seen and I think it would be useful if you would present it at this time.

ORAL STATEMENT OF MADAME LE THI ANH

Madame LE. Let me tell it from the time that I noticed that there has been some kind of a problem. It was probably back about 2 or 3 years ago that all the refugees in the United States were discussing they had left uncles, aunts, and older relatives in Vietnam and the economic situation in Vietnam worsened and the life of the relatives has become very difficult; and second, in particular, I refer to a particular case. I just say my uncle but I say this is a close relative of mine. In his case, it is very difficult. He had a drugstore that has been confiscated by the Communist government. He has tried to escape several times with whatever he got for his belongings, but he has been arrested and put in jail several times, at least five times. He has been caught on the way to try to escape.

The last time he was in jail he was told he was beaten in the war and he was so stupid as a hog and if he was a hog they would feed him hog's food and they gave him hog's food. Of course, he kept all of this inside himself because he didn't dare say anything.

We finally sent money and he was released out of jail. His children could get to my home in the United States and they stay with me right now. When they arrived, they told me the whole story and they say, "My father hates the Government. He wouldn't do anything to help them. And so don't help the Government and don't send him money through official channels." So I wanted to

try to help him. We sent him packages and money, but then very shortly after that I received a message not to send money the underground way. I received a telegram from him saying to send \$500 through official channels.

We did not understand that, but then later on we received through some other refugees who escaped from Vietnam also from the same village—they hand-carried letters to us and explained that my uncle has been told to send these telegrams and that he also say you know what will happen to me if you don't do it. My uncle is still in Vietnam and also many other people we don't know. I am very worried because I'm testifying now. We didn't hear from him for almost 3 months and I am really very worried at this moment whether he is free or not.

A moment ago somebody asked me if you're afraid and I say somebody has to take courage and kind of operate on the cancer once and for all and also I say that when my relative has been jail for five times, maybe once more probably wouldn't make much difference to him. And I know that in his own heart he does not want that to continue the same way. That, I do know. These are the telegrams I received from home.

Senator ARMSTRONG. Well, I very much appreciate your sharing that story with me and I'm going to ask the staff to insert in the record at this point the written statement that you have prepared which elaborates on the story that you have just told us. We are very grateful to you. Unless there's something that you would like to add to what you have said, Madame Le, we are grateful to you for helping us arrange this meeting.

[The complete statement follows:]

PREPARED STATEMENT OF MADAME LE THI ANH

Since the fall of Saigon, almost half a million Vietnamese refugees have come to the United States. Each of us has left behind in Vietnam friends and relatives. Our families are very important to us. Our love for them does not diminish with the years. Instead, it deepens with our knowledge of the pain and suffering they endure. As the economy in Vietnam deteriorates, our families live in dire poverty, lacking of everything, from a sewing needle to a bottle of aspirin. We try our best to help them. At first, we bought the items our families needed and sent them to Vietnam. Over the years, our gifts to our families developed into two separate programs:

1. The sending of packages containing goods, clothes, medicines, radios, tape recorders, wristwatches, monosodium glutamate or any other merchandise requested by our relatives. The recipients can use the goods themselves or sell them on the black market and use the proceeds to buy food and survive. The government levies very heavy taxes on the merchandise. Often our relatives have to sell a few items to pay the taxes. They have to pay bribes to the officials in charge of customs and package distribution. The goods are often missing or substituted by a local counterfeit product. It may take several days for a package to be cleared through customs and delivered to our relatives in Vietnam. But, still we were happy to be able to help, and so were they.

2. The transfers of dollars through various channels.

- a. Banking transfers.

- b. Collection and transfers through Imex subsidiaries established in every U.S. and Canadian city with a significant refugee population. The Imex subsidiary is usually located in a Vietnamese grocery store, and the store owner acts as a money collector for a substantial profit. The grocery store also acts as an airfreight agent, receiving packages to be airlifted to Vietnam. Imex stands for Import-Export, an outfit established by the Hanoi government to operate foreign trade. Since there are no trade relations between the U.S.A. and Vietnam, Imex's North American operations are centered on the collection and transfer of packages and currencies from Vietnamese refugees to their relatives in Vietnam.

Vietnam Air Freight System, 2909 Wilson Blvd, Arlington, VA is one of those Imex subsidiaries through which we send money to our relatives in Vietnam. Its current free rate of exchange is 80 dong to a dollar. The sender must pay a \$22 telex charge for each transfer. Our relative in Vietnam will receive a government notice of arrival within 3-4 weeks, and can take the notice to one of several locations in Ho Chi Minh City for the payment in Vietnamese currency. We can also pay money to Vietnam Air Freight System and our relative in Saigon can come to an Imex pharmacy to pick up the medicines. It operates chartered planes to transport gift packages to Vietnam. Other packages are being sent by air through Air France Cargo.

While the number of refugees in the U.S. grew from 125,000 in 1975 to almost half a million, while they found jobs and became economically secure, the economic situation in Vietnam worsened and the nation's foreign currency reserve was near empty, the Vietnamese government had a great need for hard foreign currencies. These two programs grew to enormous proportions. They became one of the major foreign currency earners for the Hanoi regime, reaching an estimated \$200 million a year in the early 1980's.

The government sought to control and monopolize the multi-million dollar business for its own benefit. Imex opened exclusive stores in Saigon and stocked them with imported merchandise, ranging from American cigarettes and Levi's jeans to French wines and Peugeot bicycles.

Government economists have calculated that with 300 tons of merchandise airlifted every month, at \$3.50 per pound, the airfreight cost represents an important income for the government if it can collect the airfreight cost and deliver the merchandise already in stores in Saigon.

Canadian-based Imex/North America advertised a program whereby a refugee can prepay a certain amount of money to an Imex subsidiary or agent in the U.S. and his relative in Vietnam will be notified to go to an Imex store or pharmacy in Saigon or Hanoi to pick up the merchandise or medicines. Besides the airfreight cost, the government profits from the difference in wholesale and retail prices. For example, one yard of polyester clothing material costing the government \$2.00 wholesale, is being sold to refugees at \$3.00 retail, plus airfreight cost.

The SRVN government needs foreign currencies to shop on Hongkong and Singapore markets. The Chinese in Hongkong want to transfer their Hongkong dollars into U.S. dollars in anticipation of emigration to the U.S.A. Vietnamese refugees of ethnic Chinese extraction serve as intermediaries in what is known as the "triangular transfer." Ethnic Chinese refugees living in the U.S. collect dollars from refugees and deliver these dollars to Hongkong Chinese who keep the dollars and remit the equivalent in Hongkong dollars to the Vietnamese Imex representative in Hongkong, who will use the Hongkong dollars to purchase merchandise on the Hongkong market.

The government needs foreign currencies and devises new schemes to collect them from the refugees. To force the exiles to send currencies instead of merchandise, which provides the relatives with goods without providing the government with a foreign currency income, the government imposes extremely heavy taxes on the merchandises, often beyond the means of the recipient, forcing him to sell items to pay the taxes. The taxes are so high that they equal the retail value of the merchandises. The number of packages a family can receive is limited to three a year. The value of each is limited to 2,000 dong (about \$25 at the current "free" rate). Merchandise in excess of this limit is being purchased by the government at very low prices.

The government wants to tax the package program out of business so that all of us who want to help our families have to remit our dollars to the government collection outfits.

Recently, the government devised new ways to collect our aid money. Many Vietnamese have applied for an exit visa to join their families in the U.S. The waiting time may last several years. To obtain a swifter departure, the visa applicant may agree to collect \$30,000 to \$50,000 once he or she arrives in the U.S. and remit the amount minus a fee of 10 to 20 percent to an Imex agent designated by the Government. The person who joins his family has to pretend that he has sold a house or a business in Vietnam before departure and wants to exchange his dong for dollars.

Refugees who want to buy exit visas for their relatives to join them abroad can do so by paying \$3,000 for each applicant. The government also organizes safe ship departures for Vietnamese who are willing to pay \$3,000 after arrival in the U.S. Departures take place every twenty days for the Philippines or Indonesia. The government makes sure that the refugee will not go back on his pledge by retaining a

member of his family in Vietnam until the pledge is fulfilled, or, a relative who may be a high ranking Communist party member guarantees the payment.

My personal experience with my relatives and friends in Vietnam includes both the sending of packages and money through some Chinese intermediaries and especially through the Vietnam Air Freight System. I have an uncle and an aunt still in Vietnam. My uncle has been jailed five times for trying to escape Vietnam. He was beaten and called a "hog" and fed swine food during his last detention. We bought his release. Through his children who escaped by boat and are now living with me, I learned of his hatred of communism. I was advised not to send money through government banks in order not to contribute my hard earned dollars to an oppressive regime.

Shortly after, I received a telegram from him telling me to send him \$500 through "official channels". I was puzzled. Later, I received a hand carried letter from him explaining that he was under pressures from the authorities to send the telegram. "You know what would happen to me if I didn't, don't you?" he wrote.

The authorization permitting us to transfer \$300.00 every quarter to our families in Vietnam has been manipulated and exploited by the Vietnamese government. We feel our love for our relatives has been similarly exploited to extract dollars the government needs. We would like to see the transfer of currency terminated, and the sending of packages to continue unrestricted.

Senator ARMSTRONG. We have two additional witnesses that we want to hear but they will both be able to testify in English.

Madame LE. Yes, I understand that as the years go on, there are new decrees that the Communists have brought and the Vietnamese in this country and in Vietnam are fighting back so there are always new ways and I think at this very moment I've heard that the way that the Communist government is collecting the money is that for anybody who would like to take a safe boat trip to let's say Indonesia, or the Philippines, or Malaysia, that the Government boat departs every 20 days and if you agree to pay in American dollars \$3,000, either your relative here pay in advance or the person who is seeking the boat passage make a pledge to pay after he or she arrives in this country, then they would be brought on a boat and transferred to Indonesia and then the Government boat would return to Vietnam right away.

And you would ask if that person arrives here if they will pay the money. There is no way you can do that, Senator, because the Communists would make sure that they would not let the person go without having somebody as a hostage in Vietnam, like if they would let my uncle pay or promise to pay \$3,000, they would make sure that one of his children was still in Vietnam or his wife or his mother, somebody, or some Communist Asian high official could be the guarantor that the person, once he arrived here, would honor his pledge. So there's no way that anybody would dare not to do that.

Senator ARMSTRONG. I thank you very much. Thank you so very much, Madame Le.

Next may I call forward Mr. James R. Badey, who is a detective in Arlington County. He is a member of the Arlington County Police Department and has been a police officer since 1968 and a detective since 1976. He has worked 3 years in vice control, 3½ years in white collar offenses and burglary. Since August 1973, Detective Badey has worked exclusively in the Vietnamese community in Arlington.

Mr. Badey, we are very pleased to have you with us today because as I understand it you are one of the few police officers in the country who has conducted an extensive investigation of the

problems that we're dealing with here this morning. So we are very eager to hear what light you can shed upon this problem.

**STATEMENT OF JAMES R. BADEY, DETECTIVE, ARLINGTON
COUNTY POLICE DEPARTMENT, ARLINGTON, VA**

Mr. BADEY. Thank you, Senator. I have a brief opening statement.

As a result of my assignment for the past year, I have come to two major conclusions. One, the Vietnamese people are being exploited and some are exploiting their own. There is a great overlapping of criminal and political activity which reveals a very convoluted picture.

Second, Federal and local forces must join together in a noncompetitive fashion and aggressively pursue those Vietnamese who are criminally exploiting their own to the detriment of our society and to the enrichment of the Socialist Republic of Vietnam.

Does the Senator have specific questions he wants to ask me?

Senator ARMSTRONG. Yes, I do, Mr. Badey.

Is it your responsibility as a detective in the Arlington County Police Department to collect information relating to criminal activities among members of the Vietnamese community?

Mr. BADEY. Yes, sir; that's correct.

Senator ARMSTRONG. During the course of your investigations, have you learned of any underground currency collection activities?

Mr. BADEY. Yes, I have.

Senator ARMSTRONG. Could you give us an idea of what the magnitude of this is? Are we talking about an isolated problem? Is it widespread? Are there many such collection agencies? What can you tell us about it?

COLLECTION AGENCIES SPREADING THROUGHOUT THE UNITED STATES

Mr. BADEY. My information from my sources—and I will state that my sources are proven reliable and confidential—is that this is a widespread phenomenon spreading throughout the United States.

Senator ARMSTRONG. When you say it's widespread, your jurisdiction is Arlington County?

Mr. BADEY. That is correct, sir.

Senator ARMSTRONG. Give us an order of magnitude. How many such collection agencies or persons who are currency forwarders would there be in Arlington County? Are we talking about 6, or 10, or 20?

Mr. BADEY. I have been told of exactly two, sir, specifically two, that have been classified as being both Communist inclined and/or operated and controlled by the Viet Cong.

Senator ARMSTRONG. Are there other currency forwarders who you would not put in that category?

Mr. BADEY. Yes, sir.

Senator ARMSTRONG. A similar number? Are we talking about several?

Mr. BADEY. I know of one specific instance which I have been involved in.

Senator ARMSTRONG. So you are distinguishing those which are in some way actually or possibly under the control of the Communist government from those who are not and those who are forwarding currency for some other reason?

Mr. BADEY. Yes, sir. The others are classified as possibly opportunistic businessmen.

Senator ARMSTRONG. In your liaison with the Vietnamese specialists in various agencies around the United States, do you find that there are similar operations in other parts of the country?

Mr. BADEY. In discussing it with my counterparts in San Francisco and Louisiana, yes, sir.

Senator ARMSTRONG. Have you attempted to involve Federal authorities when you have discovered currency transfer activities?

Mr. BADEY. Yes, sir, and I'd like to explain a case if I may.

Senator ARMSTRONG. Please do.

Mr. BADEY. It was not primarily a currency transfer activity. The case involved pharmaceuticals, a large quantity of antibiotics which had been seized by our uniformed police officers. The pharmaceuticals seized were schedule 6 drugs as defined by the code of Virginia. The pharmaceuticals were seized on April 8, 1984, from an airfreight business at 3131 Wilson Boulevard in Arlington, VA.

The proprietor, Nguyen Van Ly, admitted the items were there for the packaging and forwarding to the Socialist Republic of Vietnam, but he was unable to give a reasonable satisfactory explanation of how they came to be there.

Several times during this past year I have talked to Mr. Ly at his place of business and we discussed a variety of subjects germane to the local Vietnamese community. On October 19, 1983, he advised me it was usual for him to have \$10,000 cash on his person at the end of each business day, specifically on Saturdays and Sundays. On another occasion, he showed me two pieces of paper which he purported to be telegrams sending money to the Socialist Republic of Vietnam. He then showed me his telex machine and stated he was an agent for ITT.

He also explained how money could be sent from the United States to the Socialist Republic of Vietnam through a Canadian organization which took up to 25 percent.

Meanwhile sources in the community had been telling me that Ly was an opportunist businessman, was importing pharmaceuticals from France, and he would then send them to Vietnam through his airfreight service.

Sources also related that Ly had been employed by the U.S. Government in Saigon prior to 1975 and he had been a major black marketeer dealing mainly with French pharmaceutical companies.

NO ACTION TAKEN FOR VIOLATION OF REGULATION

With all this information, I contacted the U.S. Customs and on April 23, I had a formal meeting with the special agent and I gave him all the above information. On May 4, 1984, the special agent I previously briefed called me and advised me, "No one is interested," including the Federal Drug Administration, Department of Commerce, and Customs. He further stated Ly had no license to import pharmaceuticals and that the only violation was that of a

regulatory type. He stated that no action was going to be taken by Customs.

Senator ARMSTRONG. When you stated that he reported no one was interested, did he elaborate on why this was not of interest to Federal authorities?

Mr. BADEY. No, sir; he did not.

Senator ARMSTRONG. The thing I'm trying to pin down—you may not be the person who can really tell us this, but is it—but is the point that there were not violations of Federal law involved except what you characterized as being of a regulatory nature?

Mr. BADEY. He characterized it as regulatory. I thought as an investigator we had something and it should be looked into and that is why I presented it to him. I am not aware and it's not my field of expertise—Federal law. I'm a local county officer. That's why I went to him. I was astonished that they were going to take no action.

Senator ARMSTRONG. Are you aware of a U.S. Customs Service investigation into Vietnam currency transfers? Do you know of such an investigation and what happened to it?

Mr. BADEY. I read about it. I became aware of it on May 29, this year. When I read the article, I read in the paper about it, I immediately thought of this particular case I just related to you. I know nothing about the operation other than what I have been told by noncustoms personnel and that it is not operating at this time.

Senator ARMSTRONG. Do you have any opinion about the validity of that investigation or whether or not it should have been continued or are you informed about that?

Mr. BADEY. My own personal opinion, sir, based on my professional experience says that something of that nature should be continued.

Senator ARMSTRONG. I want to ask one more question and again as with the other witnesses I don't want to ask you to draw a conclusion that's beyond what you're comfortable with or beyond what you know. We have had some testimony this morning, as you have heard, that some of the Vietnamese people believe that in fact some of these collection agencies, or currency forwarders, or whatever we should properly call them, are in fact agents of the Socialist Republic of Vietnam. That is of the Communist Government of Vietnam. Does that square with what you know about it?

Mr. BADEY. Most definitely, Senator.

Senator ARMSTRONG. You feel that that is in fact the case, that these are in effect agents of that Government?

Mr. BADEY. No doubt in my mind, sir.

Senator ARMSTRONG. Is there anything that you would like to add to what's been discussed here this morning? Do you have a proposed solution to this problem? We're drawing to the end of the morning's activities and I have been thinking about this off and on for 1 year and I must say that I'm having difficulty formulating what is the correct response.

Mr. BADEY. From a law enforcement perspective, I can see we need proper laws which are given so we can attack the problem aggressively to seek out the violators and to give us resources so that Federal and local agencies can form a task force operation, the mo-

bility of the people is unreal and it is unreal for us locals to undertake this.

Senator ARMSTRONG. It's virtually impossible, I take it, for a county police officer to really get on top of it because they cross county boundaries.

Mr. BADEY. They have the basic information but you can't do anything with it. So you have to have a task force combined of both local and Federal law enforcement officers.

Senator ARMSTRONG. I thank you very much. Anything else?

Mr. BADEY. No, sir.

Senator ARMSTRONG. Thank you very much. I'm grateful for your participation this morning.

Finally, let me ask if Mr. William Logan could come forward. Mr. Logan is the Director of the Office of Investigations of the U.S. Customs Service. I believe he is prepared to testify as to the department's authority for currency investigations and to describe how these inquiries are carried out.

**STATEMENT OF WILLIAM LOGAN, DIRECTOR OF THE OFFICE OF
INVESTIGATIONS, U.S. CUSTOMS SERVICE**

Mr. LOGAN. Thank you, Mr. Chairman. I have a prepared testimony for the record. I would like to summarize it briefly if I can and then I'll answer any questions that you may have.

[The complete statement follows:]

TESTIMONY BEFORE THE SENATE SUBCOMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

JUNE 20, 1984

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, IT IS WITH PLEASURE THAT I WELCOME THIS OPPORTUNITY TO REPRESENT THE CUSTOMS SERVICE IN DISCUSSING MOVEMENT OF CAPITAL TO VIETNAM.

THE CUSTOMS SERVICE HAS AN INTEREST IN THIS TYPE OF ACTIVITY BASED UPON TWO AREAS OF LAW WHICH WE ARE CHARGED WITH ENFORCING. THE FIRST, IS THE CURRENCY AND FOREIGN TRANSACTIONS REPORTING ACT, ALSO KNOWN AS THE BANK SECRECY ACT. PRIOR TO THE ENACTMENT OF THIS LAW, THERE WAS NO METHOD OF TRACING MOVEMENTS OF CASH INTO, OUT OF, OR WITHIN THE UNITED STATES. IT WAS RECOGNIZED BY THE CONGRESS THAT ORGANIZED CRIMINALS DEAL PRIMARILY IN CASH, THAT THEY MOVE LARGE SUMS OF MONEY, AND THAT THEY MUST ATTEMPT TO DISGUISE THESE PROFITS. THE LAW REQUIRES THE REPORTING OF THE FOLLOWING ACTIVITIES TO THE GOVERNMENT ON THREE SEPARATE FORMS.

1. TRANSPORTATION OF MORE THAN \$5,000 IN CURRENCY OR NEGOTIABLE INSTRUMENTS INTO OR OUT OF THE U.S.
2. ANY CASH TRANSACTION BY A BANK OR A FINANCIAL INSTITUTION OF MORE THAN \$10,000 (REQUIRES POSITIVE IDENTIFICATION OF THE TRANSACTOR).
3. ANY FOREIGN BANK ACCOUNT HELD BY A U.S. PERSON.

THE CUSTOMS SERVICE, AND WITH THE INTERNAL REVENUE SERVICE, HAVE MAJOR ROLES WITHIN THE DEPARTMENT OF THE TREASURY IN THE ENFORCEMENT OF THE BSA. WE ACCOMPLISH THIS JOINTLY THROUGH FINANCIAL TASK FORCES, SUCH AS OPERATION GREENBACK, OPERATION EL DORADO AND THE ORGANIZED CRIME DRUG ENFORCEMENT TASK FORCE.

INFORMATION FROM THE REPORTS I MENTIONED IS COMPUTERIZED AND THE ANALYTICAL STAFF AT TFLEC ARE CONSISTENTLY REVIEWING AND ANALYZING THIS DATA AND OTHER SOURCES, SUCH AS THE FEDERAL RESERVE AND THE COMPTROLLER OF THE CURRENCY, TO DETERMINE UNUSUAL OR SUSPICIOUS FINANCIAL TRENDS AND PATTERNS OF ACTIVITY. THE RESULTS OF THESE STUDIES ARE THEN FORWARDED TO THE APPROPRIATE OFFICES AND/OR TASK FORCES FOR INVESTIGATION.

TO DATE, OPERATION GREENBACK IN FLORIDA HAS RESULTED IN 215 INDICTMENTS OF INDIVIDUALS FROM 82 ORGANIZATIONS AND 164 ARRESTS HAVE BEEN MADE. CURRENCY IN EXCESS OF \$38.8 MILLION AND PROPERTY WORTH OVER \$14.6 MILLION HAS BEEN SEIZED. BOND FORFEITURE AND FINES HAVE EXCEEDED \$4.8 MILLION AND JEOPARDY TAX ASSESSMENTS HAVE EXCEEDED \$117 MILLION.

OPERATION EL DORADO, INITIALLY A TASK FORCE OPERATION IN THREE CITIES, EXPANDED TO 27 LOCATIONS IN OCTOBER 1983, HAS RESULTED TO DATE IN 99 INDICTMENTS, 120 ARRESTS AND THE SEIZURE OF OVER \$20 MILLION IN CURRENCY.

THE CASES IN WHICH THE CUSTOMS SERVICE HAS PARTICIPATED, ON THE BASIS OF FINANCIAL INVESTIGATIONS, WITHIN THE PRESIDENT'S ORGANIZED CRIME DRUG ENFORCEMENT (OCDE) TASK FORCES HAVE RESULTED IN OUTSTANDING ACCOMPLISHMENTS SINCE FEBRUARY, 1983. THESE RESULTS INCLUDE 656 INDICTMENTS, 380 ARRESTS, 137 CONVICTIONS, THE SEIZURES OF \$6.3 MILLION IN CASH, \$16.8 IN PROPERTY, 1,106 KILOS OF COCAINE, 29 KILOS OF HEROIN AND OVER 58,700 KILOS OF MARIJUANA.

THE THRUST OF THE CUSTOMS SERVICE OFFICE OF INVESTIGATIONS INVOLVEMENT IN ENFORCEMENT OF THE BSA IS TO OBTAIN FELONY CONVICTIONS OF THE BSA AND/OR OTHER RELATED LAWS. THE BSA PROVIDES FOR FELONY CHARGES ON THE IMPORT OR EXPORT OF MORE THAN \$5,000 IN UNREPORTED CURRENCY OR NEGOTIABLE MONETARY INSTRUMENTS WHEN:

- 1) THE VIOLATION IS PART OF A PATTERN OF ILLEGAL ACTIVITY INVOLVING GREATER THAN \$100,000 IN ANY 12 MONTH PERIOD, OR;
- 2) THE VIOLATION IS COMMITTED IN FURTHERANCE OF ANY OTHER FEDERAL VIOLATIONS (E.G., SMUGGLING).

THE SECOND AREA OF LAW IN WHICH THE CUSTOMS SERVICE PARTICIPATES IS THE ENFORCEMENT OF PROVISIONS OF THE FOREIGN ASSETS CONTROL (FAC) REGULATIONS, CHAPTER V OF TITLE 31 OF THE CODE OF FEDERAL REGULATIONS. THE CUSTOMS SERVICE GENERALLY INVESTIGATES AND ENFORCES THESE PROVISIONS AT THE REQUEST OF, AND IN CONJUNCTION WITH, THE OFFICE OF FOREIGN ASSETS CONTROL AT THE DEPARTMENT OF TREASURY. THIS ENFORCEMENT ACTIVITY IS A PART OF THE MORE THAN 400 STATUTES AND REGULATIONS ENFORCED BY THE CUSTOMS SERVICE ON BEHALF OF MORE THAN 40 GOVERNMENT AGENCIES.

THE CUSTOMS SERVICE HAS PLAYED A SIGNIFICANT ROLE IN THE ENFORCEMENT OF THE FAC REGULATIONS SINCE THEY WERE ENACTED IN 1950. AN EXAMPLE OF CUSTOMS PARTICIPATION IN THIS ENFORCEMENT ACTIVITY OCCURRED DURING 1980 AND 1981, SUBSEQUENT TO THE MARIEL BOATLIFT OF CUBAN REFUGEES FROM CUBA. ONE INVESTIGATION FOCUSED ON A MIAMI-BASED CHARTER COMPANY INVOLVED WITH ILLEGAL SHIPMENTS OF U.S. CURRENCY AND MERCHANDISE TO CUBA. THIS CASE RESULTED IN THE SEIZURE OF THE CHARTER COMPANY BY THE TREASURY DEPARTMENT, AS WELL AS SEVERAL CONVICTIONS.

THE ISSUE OF CURRENCY BEING SENT OR TRANSPORTED TO VIETNAM WAS BROUGHT TO THE ATTENTION OF OUR SAN FRANCISCO OFFICE OF INVESTIGATIONS DURING MAY 1983. THIS INFORMATION WAS PURSUED VIGOROUSLY BY THAT OFFICE FOR APPROXIMATELY 10 MONTHS. FIVE INVESTIGATIONS WERE INITIATED; ONLY ONE OF WHICH IS STILL ACTIVE. ALTHOUGH I CANNOT DISCUSS DETAILS OF AN ACTIVE INVESTIGATION, THIS INVESTIGATION WAS INITIATED ON INFORMATION THAT A BUSINESS WAS ENGAGED IN THE COLLECTION OF CURRENCY TO BE TRANSPORTED TO THE VIETNAM AND THAT THE COMPANY WAS ENGAGED IN THE ACTUAL SHIPMENT OF THE CURRENCY IN VIOLATION OF THE BSA. THERE IS NO INDICATION THAT THE COMPANY, NOR ANY OF ITS PRINCIPALS, HAS FILED THE REQUIRED REPORTS FOR SHIPMENT OF GREATER THAN \$5,000 OUT OF THE U.S.; HOWEVER, THE INVESTIGATION IS CONTINUING.

SHOULD SUCH A COMPANY TRANSFER FUNDS BY MEANS OF A CHECK, WIRE TRANSFER, OR SOME MEANS OTHER THAN CURRENCY OR MONETARY INSTRUMENTS, NO REPORT IS REQUIRED TO BE FILED WITH CUSTOMS. IF A COMMON CARRIER TRANSPORTS CURRENCY INTO OR OUT OF THE U.S. FOR AN INDIVIDUAL(S), THE CARRIER IS NOT REQUIRED TO FILE A REPORT. ONLY THE PERSON CAUSING THE CURRENCY TO BE SHIPPED IS REQUIRED TO REPORT, AND THEN ONLY IF THEIR INDIVIDUAL SHIPMENT EXCEEDS \$5,000.

IN RESPONSE TO THE INFORMATION DEVELOPED IN THE SAN FRANCISCO INVESTIGATION, TFLEC CONDUCTED A BRIEF ANALYSIS OF CURRENCY FLOW TO OR FROM VIETNAM, OR INVOLVING VIETNAMESE NATIONALS. THE STUDY REVEALED NO CURRENCY TRANSACTIONS EXCEEDING \$10,000 SINCE REPORTING STARTED IN 1974. THE STUDY REVEALED ONLY 9 REPORTED TRANSPORTATIONS OF GREATER THAN \$5,000 IN CURRENCY OR MONETARY INSTRUMENTS, ALL OCCURRING IN 1981 AND 1982. THE LARGEST AMOUNT, \$26,000 WAS BROUGHT INTO THE U.S. FROM SWITZERLAND AND THE OTHERS RANGED FROM \$5,000 TO \$12,000. NO TRANSPORTATIONS WERE REPORTED LEAVING THE U.S. FOR VIETNAM. HOWEVER, THE INFORMATION DEVELOPED TO DATE HAS BEEN INSUFFICIENT TO CONDUCT AN IN-DEPTH ANALYSIS OR TO DETERMINE ANY TRENDS IN THIS AREA.

THE OFFICE OF FOREIGN ASSETS CONTROL HAS BEEN IN CONTACT WITH MY OFFICE AND WE HAVE FURNISHED THEM WITH ALL INFORMATION WHICH WE HAVE AVAILABLE. OTHER ASSOCIATED ALLEGATIONS HAVE ARISEN, SUCH AS EXTORTION AND FOREIGN GOVERNMENT AGENTS OPERATING IN THE U.S. IT IS THE POLICY OF CUSTOMS OFFICE OF INVESTIGATIONS TO REFER ANY INFORMATION NOT RELATED TO CUSTOMS VIOLATIONS TO THE APPROPRIATE INVESTIGATIVE AGENCY.

THE U.S. CUSTOMS SERVICE CURRENTLY HAS MANY ENFORCEMENT PRIORITIES, INCLUDING NARCOTICS SMUGGLING, ILLEGAL EXPORTATIONS OF STRATEGIC MATERIALS, AND COMMERCIAL FRAUD. THE INVESTIGATION OF CURRENCY VIOLATIONS HAS IN THE PAST, AND CONTINUES TO BE, ONE OF THESE PRIORITIES.

THANK YOU VERY MUCH. I WILL BE HAPPY TO ANSWER YOUR QUESTIONS YOU MAY HAVE.

Senator ARMSTRONG. Mr. Logan, sending assets to Vietnam is not per se against the law?

Mr. LOGAN. Per se, it's not against the law, right.

Senator ARMSTRONG. It only becomes an illegal activity at the present time if it involves a transfer of a size which violates the limit in the—help me with the name of the act——

Mr. LOGAN. The Bank Secrecy Act and it's anything over \$5,000.

Senator ARMSTRONG. That's \$5,000 whether it is currency or a bank credit or a computer credit card?

Mr. LOGAN. No, sir.

Senator ARMSTRONG. If it's physical currency, there's a lower limit.

Mr. LOGAN. If it's physical currency, the limit is \$5,000. What is required to be reported under the Bank Secrecy Act is currency and/or bearer instruments, cashier's checks, or other forms, the actual physical transportation or shipment, it's required.

POSSIBLE LOOPHOLE IN THE BANK SECRECY ACT

Senator ARMSTRONG. In other words, if a person wishes to transfer to Vietnam \$4,999, literally bundle up the currency and mail it, there is no prohibition on doing that nor are they required to report it?

Mr. LOGAN. That is correct, Senator.

Senator ARMSTRONG. If it does not exceed \$5,000?

Mr. LOGAN. Under the Bank Secrecy Act, that is correct.

Senator ARMSTRONG. Is that \$5,000 a per transaction limit or a per year limit or a once in a lifetime limit?

Mr. LOGAN. Each transportation.

Senator ARMSTRONG. In other words, if somebody wanted to mail a package of \$4,999 today and do the same thing tomorrow——

Mr. LOGAN. Neither one would be reported.

Senator ARMSTRONG. Neither one would be reported. In other words—again, I don't want to lead you into something that you don't want to say, but what you have just described sounds to me like a loophole which virtually invalidates the provisions of the act.

Mr. LOGAN. There are court decisions that have been set concerning what are the exact amounts. There are also administrative decisions that have been made. If an individual causes or ships an amount below \$5,000 and it is intended to circumvent the act itself, then the law also requires that that aggregate amount be reported. In other words, if I as an individual wanted to ship \$10,000 but didn't want it reported and I made three shipments in one day, each of those shipments of \$5,000 I should report and am required to under the law to report that, as long as I'm designing that to circumvent the act.

Senator ARMSTRONG. So it becomes a question of intent.

Mr. LOGAN. Yes, sir.

Senator ARMSTRONG. On the other hand, if I move \$10,000, or \$20,000, or even \$30,000 over a period of time and do it in a way that does not suggest that I started out with a deliberate intent of circumventing the act, the mere fact of exceeding \$5,000 in a period of time doesn't trigger a violation under the act?

Mr. LOGAN. That's correct.

Senator ARMSTRONG. Let me ask also about the use of third parties. Does the act apply to these collection agencies? In other words, do the limits in the act apply, for example, to a Vietnamese person who is sending money back to relatives in Vietnam or does it apply to the collection person or the agency which forwards the money? The reason I raise that question is because we had testimony earlier and I think it was from Mr. Willoughby, someone, according to his informants, had I think reported a taxable income of \$30,000 and nonetheless had \$100,000 moving through their bank account. That may not be exactly what he testified to but it's close enough to raise the question.

Is the limit described here applicable to a forwarder of funds, a person who is acting as an agent, or is it only applicable to the person whose funds are being transferred through this agent? Is that question clear?

Mr. LOGAN. Yes, it is. It's actually applicable to both parties that you mentioned. The statute itself requires that the individual causing the transportation as well as the individual doing the actual transportation is required to file the form. But again, remember the \$5,000 limit. In the instance of most of the transactions reported to us of the Vietnamese that limit is way below \$5,000.

Senator ARMSTRONG. But if in fact 100 transactions took place and the aggregate ended being \$100,000 in a year, it would certainly raise a question as to whether or not the act was violated?

Mr. LOGAN. I don't believe we raise the question whether the act would be violated by the Vietnamese refugee. I do think that it would raise the question of whether the act would be violated by the individual collection agency or shipper that is shipping the larger amount.

Senator ARMSTRONG. Two or three questions about issues that have been raised by the testimony this morning. We have heard some testimony a bit hard to follow but I think nonetheless fairly clear that some of the Vietnamese persons feel that they are exploited by this system, literally that they send the money back to Vietnam and it doesn't end up in the hands of the people for whom it's intended, that it gets somehow diverted, frozen in the bank account, siphoned off, skimmed, whatever it is.

Do you have any opinion about that? Is that true or do you have any basis to know whether it's true or what do you think?

Mr. LOGAN. From what I have read and discussions that I've had, that's a pretty consistent theme and that's been reported from many sources. I have no evidence one way or the other as to whether that is true or untrue. Of the investigations that have been conducted by our service, four of those were unfounded and the fifth is still in progress.

Senator ARMSTRONG. Were your investigations aimed at the exploitation question, the question of whether the money got delivered?

Mr. LOGAN. The question of whether the money was ever shipped or not shipped, the actual transfer of the money itself.

Senator ARMSTRONG. And you found in those four cases that the money actually did leave this country?

Mr. LOGAN. No. I found in four of those cases that the allegation itself was unfounded. There was an allegation made that a particu-

lar individual may be shipping—and I use the word “shipment” because it’s normally not a physical transportation, it is a shipment—but if that individual is shipping more than \$5,000 outside the country—in four of those cases, that did not appear to be the fact itself. In the fifth, it may very well be.

Senator ARMSTRONG. I see. Do you have any opinion, based on your investigations or from other sources, of the question of whether or not some of these collection agencies are in fact operatives of the Socialist Republic of Vietnam? In other words, just to put it in perspective, what people have told us—it’s been alluded to this morning and people have told me and members of my staff in other settings—in fact, it’s been reported in the media—that this is virtually a way that the Government of Vietnam is obtaining hard currency, that they are actively promoting this trade. I think Detective Badey testified that it was his opinion that in a couple of instances of his knowledge that these agencies, these money forwarders were in fact agents of the Socialist Republic of Vietnam. Is that true or do you know?

Mr. LOGAN. No, sir; I don’t know whether they are agents of the Socialist Republic of Vietnam. I think your use of the term of “hard currency” though may be the key, and that is whether U.S. dollars are actually sent or not sent, our own records should be able to pick that up. In other words, currency of the United States is useful. It’s not that useful in the foreign country unless it’s returned some time or other and we just haven’t picked up anything on that.

Senator ARMSTRONG. One additional question. Are there other prohibitions to relations with Vietnam?

Mr. LOGAN. Yes, sir; there are.

Senator ARMSTRONG. What are some of those?

Mr. LOGAN. The only ones that I’m aware of at least with any familiarity are the Bank Secrecy Act and the Foreign Assets Control Act, which includes not only currency but various other types of commodities. There are certain restrictions placed on those.

Senator ARMSTRONG. We don’t have diplomatic relations with Vietnam. What’s the status of our relationship with them?

Mr. LOGAN. We don’t have the diplomatic status, that much I’ll concur with. Otherwise, I do not know.

Senator ARMSTRONG. I think maybe I won’t pursue that line of questioning with you because I don’t think that’s in your field of expertise and I’m sure, as a Senator, it’s not within mine, but I believe I’d better learn a bit more about it.

But a question has been suggested to me as to whether or not even transfers which might be lawful under the Bank Secrecy Act—that is, if they didn’t exceed the aggregate amount—would nonetheless violate other statutes because the country in question is Vietnam, and I will pursue that.

VIOLATION OF FOREIGN EXPORT CONTROL ACT

Mr. LOGAN. That is correct. It may not be in violation of the Bank Secrecy Act, but it could be in violation of the Foreign Assets Control Act regulations.

Senator ARMSTRONG. Well, there may be some other statutes as well, simply because the country in question is Vietnam.

Mr. Logan, we are grateful to you. By the way, I would like to acknowledge publicly the cooperation that the Commissioner has given us in this matter. He's been very helpful and we are grateful to him and to you for coming this morning.

Mr. LOGAN. Thank you very much.

Senator ARMSTRONG. One last item before we break and I'm anxious to conclude this meeting. Mr. X has indicated that he has one more point he would like to make. If we could invite him to return and if Madame Le would come back, he has listened to some of the testimony since he testified and would like to come back and make an additional comment which I would like to permit him to do.

Mr. X, a note was handed to me that indicates after hearing some of the additional testimony that you had some further comments you wished to make.

Mr. X. Would you repeat that?

Senator ARMSTRONG. Mr. X, I was told that you had some additional observations that you wished to make, some additional thoughts that you wanted to share as a result of some of the testimony that was presented this morning.

Mr. X. Yes, Senator. The reason I wanted to testify again is because I did not testify on the first time here to emphasize the point of the Vietnamese community here and what the reaction on my notice of the Americans, and I would suggest my solution what we should do. Do you understand?

Senator ARMSTRONG. Yes, I do.

APPROXIMATELY \$7-\$8 MILLION FLOW INTO VIETNAM

Mr. X. I have been talking to Mr. Cassidy in my investigation myself and I get a whole lot of information and I think that information you have. The solution, what we are going to do—I do not represent any group, I represent the new citizens—in my investigation I checked how the population of refugees in the United States are approximately 400,000 or 500,000 Vietnamese refugees throughout 50 States. Let's say 20 percent of the refugees have money for the time they have worked and the rest have worked, and the time for that person who worked and the amount of money they send would make a simple \$200 a month or 20 percent of the money earned is approximately \$7-\$8 million flow into Vietnam.

My point is, being in Saigon in 1975 and reckoning how much the United States support to the South Vietnamese people to stopping communism, less than \$500 million a year, and in 20 years we did slow down communism to invade the south. Now 1 month with that \$8-\$9 million, that is a lot of money to support the whole nation now with communism. The Vietnamese still in Saigon, still in Hanoi, still in Vietnam, very frustrating, no food, no medical, no hospital, and all that went to the military to invade other countries.

I would like, in addition, for you to make the law stronger or whatever your committee decides, but make sure the money goes straight in the pocket of the poor Vietnamese for support for them for their health and their food. The Vietnamese who live here and

I did since 1979, it's very hardship for them, many of them mentally disoriented. I am too. I can believe it. I know. My poor 9-year-old daughter had rheumatic fever and went into the hospital, so my sister-in-law and my wife, they all said, "Well, what should we do? Her father is away." At that point the secret police over there stopped them from this emergency—rheumatic fever doesn't take long to kill that 9-year-old. In April, early in the morning, raining monsoon, we hide in a corner and they cannot go with me because of the danger and I know it's very dangerous, and see a crying 5-year-old kid standing there saying, "Daddy, when you're in the United States, bring us over." How could I forget that picture and how could I forget that picture of the 9-year-old skinny girl with no treatment?

And they are asking for the money to send in order to get her to see a doctor.

It's enough for all of you in America to get further action. Over here in Virginia on Wilson Boulevard in a grocery store there, people transfer a gift into Vietnam. They collect from \$5,000-\$10,000 a day at the office at the desk. Vietnamese here are paying taxes. Also, they have to pay an additional tax for the Communists. Is that fair? No. Not any way.

I can report it, but who do I report it to? I have been stopping the Vietnamese and saying:

No, don't do that. Take care of yourself. You have a long way to go. Later the Government will help you to bring your family over. Let them help, not only your family, but there are 55 or 60 million Vietnamese who have the same condition as my family. Why should you send all that money over to Vietnam? Your family doesn't get enough. The Communists get it and your brother, your sister, your relatives will be in the military because they get enough money to equip for them.

Senator, and the press, I very strongly suggest pushing them, jail them, confiscate the money. If we cannot make the law to do that, to call it illegal, make additional law. So the Vietnamese or the Cambodian—we just talk about Vietnamese only so far. Let's talk about Laotians and Cambodians. Many, many money flow back to their homelands. It will never be able to come back.

Senator ARMSTRONG. Well, Mr. X, the points you have made and the concerns expressed by other witnesses are really a very great concern to me and I'm sure to my colleagues as well, and I'm not yet certain what the appropriate solution is. But I want to assure you, as we close, that we are concerned and that we will reflect on it and try to develop some kind of response. It is a very difficult thing to respond to because much of the problem as it's been described to us exists outside the boundaries of our own country and, of course, our legal processes end at our boundaries.

Mr. X. I myself go to church and I went to the church and asked my American friends how they feel about this. I asked my coworkers. I asked for every single people who I had opportunity to meet. They are all confused. They say, "No, no. The problem, it no exists." I show them the evidence. I brought them to be where the underground currency is. I show them the paper how many refugees are here. They confused. They are confused. They say, "Well, it not exist. If it exists, our Government will know it. Our big country, our powerful country will know it." But nobody acts. And the

money keep losing. The Communists are stealing. The Vietnam Government is stealing the money from our pocket.

Senator ARMSTRONG. Madame Le, did you want to have the last word?

Madame LE. I would like to add something. When I listen to the testimony of the two officials and the question of the Senator of is there any proof that when I send money to Vietnam through the airfreight system, whether there's any proof that the Communist government in Vietnam is collecting the money, and we say, yes, we have a piece of evidence. We have the headquarters who send to us the advertising. In the back of the flyers they printed a notification to my relative and in the notification the letterhead is the Socialist Republic of Vietnam. So this is evidence that the notification and sending money through this system, but the notification to my relative to come pick up the money is sent under the Government letterhead. They print it in the back of their leaflet.

And, second, about 10 months ago, a reporter from ABC, Scott Klug, he came to the place in Arlington and he pretended that he has left a mother there and they told him it's true the Government system is the safest way. So by their own admission, the Vietnam airfreight system say that they operate for the benefit of the Socialist Republic of Vietnam. What else is the best proof that this is being operated by them.

Senator ARMSTRONG. I appreciate you putting that into perspective and I very much appreciate your help this morning in several ways. Thank you, Madame Le. Thank you, everyone.

Unless there's something further, we're adjourned.

[Whereupon, at 12:20 p.m., the hearing was adjourned.]